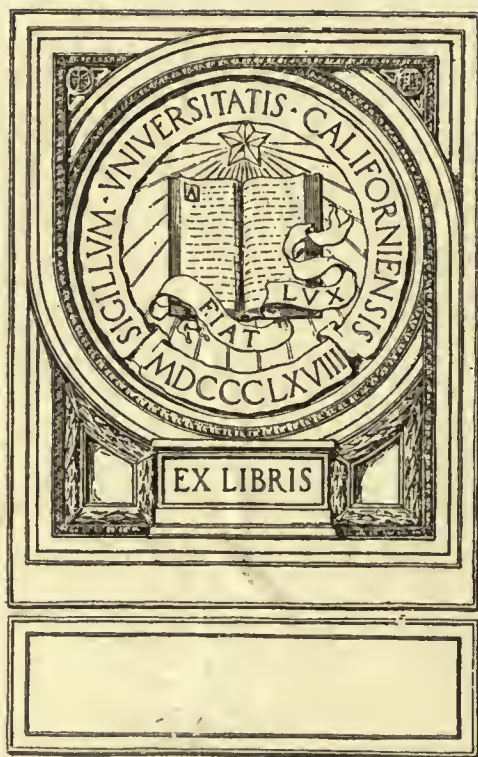


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FURTHER CORRESPONDENCE

RESPECTING THE

AFFAIRS OF CHINA.

[In continuation of "China, No. 3 (1913)": Cd. 7054.]

*Presented to both Houses of Parliament by Command of His Majesty.
April 1914.*

Gt. Brit. Foreign office

LONDON:

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Further Correspondence respecting the Affairs of China.

[In continuation of "China, No. 3 (1913)": Cd. 7054.]

No. 1.

Sir J. Jordan to Sir Edward Grey.—(Received January 2, 1913.)

Sir,

Peking, December 18, 1912.

I HAD the honour to receive your despatch requesting to be furnished with my observations regarding the proposals made by the War Office for the trooping season, September 1913 to March 1914.

As I had the honour to report in my telegram of the 6th instant,* I do not consider that it would be wise to dispense with any of the additional troops now serving in China. It is almost impossible to make a forecast of what troops may be required in China nearly a year hence, but I have no hesitation in saying that, for the present at any rate, no portion of the forces in the North China command could be safely removed.

With regard to the southern command, it would seem from the information in my possession that the retention of the additional British troops in that quarter is as necessary as it is in the north.

I have, &c.

J. N. JORDAN.

No. 2.

Sir J. Jordan to Sir Edward Grey.—(Received January 11, 1913.)

Sir,

Peking, December 26, 1912.

WITH reference to my despatch of the 17th December, 1911,† I have the honour to report that in June last the Chinese Government delegated full authority to the then Tutu of Shanghai, Ch'en Ch'i-mei, to settle with the consular body the terms under which the former Taotai's securities held in trust by the senior consul would be restored to the Chinese authorities. The Diplomatic Body sanctioned a proposal for drawing against these securities to the extent of paying off the principal (without interest) due on outstanding native orders and certain mixed court charges, the remainder of the securities to be restored to the Tutu.

In August, with the departure from Shanghai of Ch'en Ch'i-mei, the Wai-chiao Pu informed me that they had transferred his authority to the Tutu of Kiangsu. Some difficulty arose at first owing to the desire of the former Tutu Liu and Dr. Sun Yat Sen to take part in the negotiations. The consular body, however, dealt direct with the local commissioner of foreign affairs, Mr. Ivan Chen, who had been delegated by the Kiangsu Tutu to affect a settlement. This was finally accomplished at the end of November, when the required conditions were carried out. After realisation of a number of the securities, a sum of 1,083,976·51 taels was expended on the payment of dishonoured native orders in the hands of foreign merchants, principally British; and a sum of 150,000 taels was retained for mixed court and land office expenses. A full statement of accounts, together with the remainder of the securities and a balance of 1,431·32 dollars and 58,671·91 taels in cash, were handed over to Mr. Ivan Chen by the senior consul on the 23rd November. Much satisfaction has been caused by the

* See "China, No. 3 (1913)," No. 71.

† See "China, No. 3 (1912)," No. 22.

final settlement of this troublesome question, which has been outstanding for upwards of two years, and has involved a great deal of time and labour.

I have, &c.

J. N. JORDAN.

No. 3.

Sir J. Jordan to Sir Edward Grey.—(Received January 20, 1913.)

Sir,

Peking, December 27, 1912.

I HAVE the honour to transmit to you herewith a translation of a telegram addressed by the Ministry of Communications to the Chinese diplomatic representatives in the United States, Great Britain, and Japan and to certain consuls-general on the subject of the election of representatives in the Senate of the chambers of commerce and other societies formed by Chinese residing abroad.

I have, &c.

J. N. JORDAN.

Enclosure 1 in No. 3.

Extract from the "Gazette" of December 17, 1912.

(Translation.)

TELEGRAM from Ministry of Industry and Commerce to diplomatic representatives in the United States, Great Britain, and Japan, and the consuls-general at Singapore, Batavia, and Vladivostock, for transmission to the consuls at the various ports.

To the consuls at the various ports :—

The laws for the election of members to the Senate, and the regulations for putting the above laws into effect, have already been communicated to you by telegraph. On the 8th instant detailed regulations were published, which provide that the members of the Electoral College of Chinese resident abroad shall be elected by the Chambers of Commerce, Chinese societies, Chinese clubs, and literary associations formed by Chinese resident abroad. The elections shall be conducted in the same manner as is customary for the election of president or other officer of such Chamber of Commerce, society, &c., and the person elected must be possessed of the following qualifications :—

1. He must be a Chinese male subject of 25 years of age or upward.
2. He must be the owner of movable or immovable property to the value of 500 dollars or upward.
3. He must have none of the disqualifications enumerated in article 6 of the Election Laws of the House of Representatives.

On the same day an order was issued dealing with the election of members to the Senate by the Electoral College of Chinese resident abroad, and providing that the election of such members should take place on the 10th February in the second year of the republic.

We have, therefore, to order you to make careful enquiries and forward by telegraph to this Ministry without delay for record a list of all the Chinese societies, Chinese clubs, and literary associations founded before the publication of the electoral laws, that is to say, before the 10th August of the first year of the republic.

You will further instruct the various bodies that they are to carry out the election of members of the Electoral College in all respects similarly to the election of officers of such club or association, and that they must not allow such election to develop into an open election among the Chinese resident in the port in question.

You will report by telegraph from time to time, and thereby show proper respect for the importance of the elections.—MINISTRY OF INDUSTRY AND COMMERCE.

No. 4.

Sir J. Jordan to Sir Edward Grey.—(Received January 20.)

Sir,

Peking, January 3, 1913.

I HAVE the honour to forward to you herewith a translation of a note from the Wai-chiao Pu on the subject of the payment in sterling in London of sums due on account of the foreign loans of China.

The Ministry of Finance, realising the loss on exchange caused to China by the present system of paying out large sums in silver at Shanghai, desired to substitute for that system an arrangement whereby the service of the foreign loans could be effected on the due dates by sterling payments in London. After considering the matter, the Diplomatic Body decided that the question was one which was regulated by the several loan agreements, and could therefore only be settled by direct arrangement with the holders of the bonds. This decision was accordingly conveyed to the Wai-chiao Pu on the 2nd instant.

I have, &c.

J. N. JORDAN.

Enclosure in No. 4.

Wai-chiao Pu to Sir J. Jordan.

(Translation.)

Sir,

Peking, November 28, 1912.

IT has hitherto always been the practice for China, when making payments in respect of her foreign loans, to do so in silver, delivering it at the current sterling rate of exchange, for transmission, to the Shanghai branches of the various banks concerned.

The Ministry of Finance now propose, in order to avoid loss by exchange, to make payments at the due dates in sterling to the correspondents of the several banks on the spot in London, instead of having to deliver for transmission through the three banks in Shanghai.

I venture to think their Excellencies the foreign representatives at Peking will readily approve an economical scheme of this nature, and have the honour, therefore, M. le Doyen, to request the favour of an early reply from the Diplomatic Body to facilitate the issue of instructions to the Inspector-General, the Ministry of Finance, and the banks concerned to concert the necessary measures.

In regard to last year's joint scheme in eight articles for the appropriation of customs revenues for the service of foreign loans, I have the honour also to state that, with the exception of the slight modifications occasioned by the procedure suggested above, that scheme will continue to have effect.

I have, &c.

(Seal of Wai-chiao Pu.)

No. 5.

Sir J. Jordan to Sir Edward Grey.—(Received January 30.)

Sir,

Peking, January 14, 1913.

I HAVE had the honour to report by telegraph the attack by armed robbers near Luchou on a party of Canadian Methodist missionaries. The attack which took place on the 2nd January resulted in the death of John Jolliffe, the infant child of one of the missionaries. One of the robbers was captured during the attack and strong representations were made to the local authorities by the acting British consul-general at Chengtu, urging them to adopt energetic measures for the capture of the remaining members of the gang and for the general suppression of brigandage in the district. In an interview with the Minister for Foreign Affairs on the afternoon of the 8th instant, I called his attention to the facts of the case and on the following day I addressed an official memorandum to the Wai-chiao Pu requesting that the most stringent instructions might be sent to the provincial authorities to effect the capture of the culprits and to deal with the case in a prompt and effective manner. I also instructed the acting British consul-general at Chengtu to send a representative

to the scene of the crime and to hold an inquest on the body of the murdered child. He has since informed me that the representative in question was leaving Chengtu on the 10th instant and was being provided with an escort by the Provincial Secretary for Foreign Affairs. The latter had also called in person at the consulate and had expressed his regret at the commission of the crime.

I have now received from the Wai-chiao Pu a memorandum, translation of which I have the honour to enclose herewith, containing expressions of regret on behalf of the Chinese Government and informing me of the instructions sent to the provincial authorities for the capture of the robbers responsible for the murder.

I have, &c.

J. N. JORDAN.

Enclosure in No. 5.

Note communicated to Sir J. Jordan by Wai-chiao Pu.

(Translation.)

THE Wai-chiao Pu were apprised by His Majesty's Minister in person of the shooting by robbers in Szechuan of the child of a British missionary proceeding from Chungking to Chengtu, and Sir John Jordan requested them to send instructions for the punishment of the criminals. They at once telegraphed to the Tutu of the province, whose reply states that, according to a telegram from the magistrate of Fu Shun district, a British missionary, Jolliffe, with his family, entered his jurisdiction under escort provided in Lu Chou. Their boat, moored at Huang Ko Wan, was raided by robbers in the middle of the night of the 3rd instant. Dr. Cox, travelling with the party, opened fire and killed one of the robbers. The rest of the gang evaded arrest by shooting, and mortally wounded the missionary's infant son, John Jolliffe. Hearing the noise militia guards collected and captured one, T'ang Hsing-fa, the leader of the robbers, the rest of whom made good their escape. The Tutu adds that he is instructing the district magistrate to have the captured robber, T'ang Hsing-fa, brought up for trial, and deal with him with the utmost rigour; he is also sending immediate orders throughout the province to take all possible steps for the arrest of the escaped robbers, who must be captured and brought to trial without fail.

The Wai-chiao Pu regard with the deepest regret this encounter of British missionaries with robbers in Fu Shun district, and the wounding, mortally, of the Rev. Mr. Jolliffe's infant son. They are telegraphing to the Tutu of Szechuan to effect as soon as possible the capture of the escaped robbers. Meanwhile they have the honour to communicate the above information.

Peking, January 11, 1913.

No. 6.

Sir J. Jordan to Sir Edward Grey.—(Received February 4.)

Sir,

Peking, January 20, 1913.

IN my despatch of the 30th January, 1912,* I had the honour to forward a copy of the instructions issued by the Diplomatic Body to the International Bankers' Commission at Shanghai, which was formed to arrange for the due payment out of customs revenues of the foreign debt charged thereon. Article 6 of these instructions reads as follows:—

“If normal conditions are not restored by the end of 1912, then at that time an account shall be taken of the surplus available for the indemnity, and such account shall be sent to the Diplomatic Body for their decision as to its disposal.”

The secretary of the International Bankers' Commission forwarded to me, as dean, an account dated the 4th January, 1913, showing a balance on the 31st December, 1912, to the credit of the combined loan service accounts in the three custodian banks of Shanghai of 10,268,202.59 taels, a sum which was subsequently corrected to 10,273,682.09 taels. On receipt of this account on the 8th instant, I immediately circulated it among my colleagues and called a meeting for the 16th instant to discuss the disposal of this surplus.

* See “China, No. 3 (1912),” No. 113.

The arrangements for giving effect to the decision eventually adopted by the Diplomatic Body are recorded in two documents, copies of which are enclosed herewith, the first being an identic letter of instructions addressed to the members of the Bankers' Commission by their respective Ministers, and the second a memorandum from me as dean of the Diplomatic Body to the Wai-chiao Pu.

I have, &c.

J. N. JORDAN.

Enclosure 1 in No. 6.

Sir J. Jordan to the Managers of the Hong Kong and Shanghai Banking Corporation and the Chartered Bank of India, Australia, and China, Shanghai.

Sir,

Peking, January 18, 1913.

WITH reference to the letter dated the 4th instant* from the secretary of the International Bankers' Commission I beg to inform you that the Diplomatic Body have decided as follows :—

The balance to the credit of the maritime customs revenue on the 31st December, together with the balance to the credit of the native customs revenue on the same date, is to be remitted in the usual way to the various Governments in proportion to the sums due to them on account of the indemnity, for so many complete months as the sum may be sufficient to cover, with compound interest at 4 per cent. per annum.

A communication to the above effect is being addressed to the Chinese Government with the request that the necessary instructions may be issued to the Inspector-General of Customs for transmission by telegraph to the Commissioner of Customs at Shanghai.

You will be good enough to take note of this communication and give effect to the decision regarding the present balance without delay.

I am, &c.

J. N. JORDAN.

Enclosure 2 in No. 6.

Dean's Memorandum to the Wai-chiao Pu

THE dean begs to refer the Wai-chiao Pu to article 6 of the eight articles arranged between the Diplomatic Body and the Wai-wu Pu in January, 1912, for devoting the customs revenues to the service of the foreign debt secured thereon. This article provides that if normal conditions are not restored by the end of 1912 then at that time an account shall be taken of the surplus available for the indemnity, and such account shall be sent to the Diplomatic Body for their decision as to its disposal.

The International Bankers' Commission, having now reported that the surplus so available amounts to a sum of 10,273,682.09 taels, the Diplomatic Body has decided that this sum, together with the balance of the native customs revenue on the 31st December, is to be remitted in the usual way to the various Governments in proportion to the sums due to them on account of the indemnity of 1901, for so many complete months as the sum may be sufficient to cover, with compound interest at 4 per cent. per annum.

Instructions in the above sense are being issued to-day by the foreign representatives to the managers of their respective banks concerned, and the dean is directed to request that instructions to the same effect may be issued to the Inspector-General of Customs for transmission by telegraph to the Commissioner of Customs at Shanghai.

Peking, January 18, 1913.

No. 7.

Admiralty to Foreign Office.—(Received February 15.)

Sir,

Admiralty, February 14, 1913.

I AM commanded by my Lords Commissioners of the Admiralty to transmit herewith, for the information of the Secretary of State for Foreign Affairs, a copy of a

* Not received at Foreign Office.

telegram of to-day's date which has been received from the Commander-in-chief, China, respecting the withdrawal of troops from Canton and a part of the patrol on the West River.

The commander-in-chief has been informed that his proposals are approved.

I am, &c.

W. GRAHAM GREENE.

Enclosure in No. 7.

Commander-in-chief, China, to Admiralty.

(Telegraphic.)

February 14, 1913.

TROOPS no longer required Canton, in opinion of consul-general. I agree, as does Sir J. Jordan, and troops are being withdrawn.

Request Admiralty approval also to pay off "Handy" and "Janus." Keeping torpedo-boats temporarily, and discontinuing half West River patrol.

No. 8.

Sir Edward Grey to Sir J. Jordan.

Sir,

Foreign Office, February 15, 1913.

I HAVE received your despatch of the 20th ultimo, reporting the decision arrived at by the Diplomatic Body with regard to the disposal of the surplus customs revenues for 1912.

I approve your action in the matter.

I am, &c.

E. GREY.

No. 9.

Sir J. Jordan to Sir Edward Grey.—(Received February 22.)

Sir,

Peking, February 7, 1913.

I HAVE the honour to transmit to you herewith a summary by Sir Somerville Head, of the general state of affairs in the provinces during the last quarter of 1912, which has been prepared from the reports of His Majesty's consular officers.

I have, &c.

J. N. JORDAN.

Enclosure in No. 9.

Summary by Sir S. Head of General State of Affairs in the Provinces of China for last quarter of 1912.

THE following account of the condition of affairs in the provinces has been compiled almost entirely from the Intelligence reports of His Majesty's consular officers for the last quarter of 1912. As will be seen, there is no connected story to tell. Each province has been more or less left to work out its own salvation, and is reaping the aftermath of the revolutionary movement, redeemed only by the great recuperative powers of the country and the natural industry of its inhabitants. Minor mutinies and robberies by disbanded troops, and farcical elections for the National Assembly, form the chief items of the reports, while disorganisation and corruption in Government circles still prevail in most districts. In short, it would appear that, by the close of 1912, Young China has so far only succeeded in replacing a régime of benevolent despotism by one of benevolent anarchy.

Shantung.

Apart from the brigandage in the south and west, and one or two mutinies of merely local importance, Shantung has remained fairly quiet for the past few months. Hwang Hsien, which had been previously looted by the Imperialist soldiers, was again

ransacked on the 20th October by its republican guard, whose pay was considerably in arrear. In Lin Tse Hsien a riot occurred about the same time, owing to students destroying the gods in the city temple. Towards the end of November a mutiny took place in the Manchu garrison in Tsing-chou fu. Operations have been carried on against the robbers in the Tsaochoufu and Yenchofu districts, and the governor now claims that brigandage has been practically suppressed in this part of the province. The most notorious of the leaders was seized and executed in December, but two others remain to be captured. The newspapers have recently given accounts of brigandage in the Wutingfu district, north of the Yellow River, which is usually free from such troubles.

Disbandment of the troops is steadily proceeding, and is causing little trouble except for a mutiny at Chefoo in the beginning of January. This occurred on the 4th January, after nearly all the Manchurian troops had been paid off, and had handed over their arms to their commandant. A large number of them had gone on board the steamer, which was to take them to the north. Owing to some interference, and attempt to deprive them of a portion of their pay, the troops returned to shore, rushed the arsenal, overcame the guard, possessed themselves of rifles and ammunition, and started to hold up the traffic on the streets. They were soon joined by others anxious for possible loot. A force of 2,000 *lu chun* and 200 sailors from the cruiser "Haichi" were soon under arms and patrolled the streets, taking special care to safeguard the foreign quarter. Order was restored on the following day, and the mutinous troops shipped off to Dairen. There is some apprehension, however, of further trouble, owing to the disagreements between the commanding officers. A Japanese man-of-war is lying off Chefoo to watch developments.

In Shantung, as elsewhere, the elections for the Peking Assembly are resolving themselves mainly into a contest between the Kung Ho Tang and the Kuo Min Tang, the latter of which seems to be the more strongly organised. The bulk of the population, however, are quite uninterested, and the number of voters is very small, the majority of the people being quite apathetic towards the new régime.

Chinkiang.

Robberies by disbanded troops in the neighbourhood of Chinkiang seem to have continued intermittently throughout the past few months, but the authorities are doing what they can to maintain order. His Majesty's consul asked for and obtained a guard for the district where the missionaries chiefly live, and this measure has proved effective in preventing further robberies in that quarter. The general reduction in the number of cases of serious crime is credited to the action of one Yangpiao, battalion commander in the 64th regiment, formerly a village bully in Hupei, who has now acquired a great reputation as a merciless hunter of bad characters. He has made a number of important arrests from time to time, and the accused, disbanded soldiers or civilians, have been put to death. Colonel Yang executed the condemned in several cases with his own hand, using a revolver.

The operations against brigands in the Hsüchoufu country have evidently been of good effect, the district of Pei Hsien being now comparatively free from robbers, and merchants are resuming their normal business there. A party of disbanded soldiers, mostly Tsingkiangpu men, left Hsüchoufu about the end of December for Chinkiang. Thence they were moved on in boats towed by launches until, on arriving at Shaopo, they broke out and looted all the launch stations at that place. They eventually reached their destination without further trouble and dispersed.

The primary elections for the Provincial and National Assemblies took place in December. For the National Assembly, Chinkiang is the centre of the third district, which contains an electorate of 612,341. The primary elections were, here as elsewhere, accompanied by every kind of fraud and trickery, but without disorder. The Kuomintang were again the most active party.

The condition of the Grand Canal within Kiangsu province is worse than it has been for many years. Launch traffic on certain sections has been intermittent, and the movement of native boats impeded. His Majesty's consul at Chinkiang is endeavouring to rouse the local authorities to the seriousness of the matter.

Kiangsi.

The last quarter of 1912 passed, for the most part, uneventfully, as far as the province of Kiangsi was concerned. The flow of administrative reforms which

characterised the previous six months was checked, in view of the pending elections for the Provincial Assembly. The primary elections, which took place in December, only served to confirm the prevailing opinion that the Chinese were insufficiently educated for so radical an alteration in their system of government. Bribery and corruption, impersonations, and other malpractices were the chief features of the Kiangsi elections, as of those of other provinces. The native newspapers reported numerous instances in which many scores of voting papers were handed in by the same individual, and many cases were mentioned in which a voter arrived at the polling station only to find that his name had already been marked off as having voted. In the wrangles that ensued with the superintending officials, ballot boxes were broken up and the voting papers scattered. On the whole, His Majesty's consul reports, more interest was shown in the elections by the people generally than might have been anticipated; but it is unlikely that the majority understood the meaning of political parties or the aims of the particular party to which they professed adherence. As an example, a prominent man in Kiukiang is chairman of the Conservative party, but at the same time a member of the committee of the Progressive party.

For some time past a general feeling of uneasiness and impending trouble has been current at Nanchang. On the 10th December a number of fires broke out simultaneously in different parts of the city, and the soldiers dispatched to maintain order and assist in extinguishing the flames were met by hostile armed crowds. So soon, however, as the Tutu realised that an organised outbreak was taking place, he took vigorous measures and quickly restored order. Some fifty of the rioters were shot out of hand, and subsequently another sixty or so were executed. Foreigners here as elsewhere did not suffer from any molestation. There have been two or three minor outbreaks at other places in the province, in each case in connection with disbanded troops, but none on a large scale, and order was speedily restored on every occasion.

Wuhu has remained fairly quiet, except for one or two small mutinies, due to the troops having received no pay for over two months.

Hankow.

The general situation throughout the consular district of Hankow during the last quarter of 1912 has been peaceful, and in spite of financial difficulties and trouble with refractory soldiery the republican authorities have been successful in maintaining a fair degree of order and in inspiring more confidence in the new régime. General Li has been the main factor in keeping peace between the rival political parties, and there can be little doubt that the stability of the administration in Hupeh depends in a large measure upon his continuance at the head of affairs. In spite, however, of the vice-president's personal popularity, the danger of his falling a victim to assassination is so great that General Li is practically a prisoner in his own yamên, where the most stringent precautions are taken to prevent the admission of unauthorised visitors, and which he leaves only on very rare occasions. These precautions are by no means unnecessary, as several plots against the vice-president's life have come to light, and there is a widespread feeling that General Li's political rivals are making desperate efforts to effect his removal.

The finances of Hupeh remain in a chaotic condition and great difficulty is being experienced in finding the necessary funds for the upkeep of the military establishment and the immediate needs of the administration. The large quantities of Hupeh Government notes which are still on the market and are negotiable, if at all, only at a very heavy discount, are a very serious obstacle to the return to sounder financial conditions.

The conditions at present prevailing on the Peking-Hankow Railway, notably that portion of the line which runs through Hupeh and Honan, reflect most unfavourably on the capacity of the Chinese to carry through such enterprises without strict foreign control. The ordinary trains are invariably filled with armed ruffians who utilise their military status as a cloak for travelling up and down free of charge and pestering harmless civilians. Any native travelling on the line has to pay these men a sum of money in return for which the soldier forces the ticket-collector to let him travel gratis. Resistance is useless as one or two conductors have found, after being thrown out of their train by these men. Travellers who refuse to pay toll to the soldiers are forced to stand in the corridors. The cars are in most cases filthy, and it is only after forcible eviction of soldiers that even a European can obtain a seat. Two officers, generally of field rank, travel on the trains to "maintain order"; but as usual they are

without any authority and confine their activities to strutting up and down the platforms at the various halting places. Trains are frequently very late and in many cases station-masters cheerfully pass any train through regardless of the possibility of a collision. Thefts of screws from the "chairs" of the rails often occur, and are a source of danger to trains, as the line appears to be safe, but is liable to shift on being touched and thus cause a derailment. Complaints have been also frequently made of thefts from goods trains, usually the work of the same soldiers. The only train free from the various pests above mentioned is the weekly express, over which the European inspectors are allowed a little more control.

Honan.

The Honan authorities do not appear to have been successful in maintaining order and suppressing brigandage. Amongst the innumerable acts of lawlessness reported, one of the most daring occurred in the early part of December when a band of 500 mounted robbers attacked the district city of Hsi-hua Hsien, and after looting the town departed unmolested, taking with them some of the leading inhabitants for whose release they demanded a ransom. The authorities seem powerless to deal with these brigands, many of whom are disbanded soldiers and are possessed of modern weapons.

Shensi is also reported to be overrun with disbanded soldiers; but conditions in Kansuh show signs of improvement, although the strong hostility which exists between the Mahommedan troops and the other inhabitants is a constant menace to the peace of the province.

Hunan.

There have been no serious disturbances in Hunan during the past quarter; but although the disbanding of the troops has freed the authorities from the apprehension of an organised revolt, it has let loose upon the province a horde of men who have been too long maintained in absolute idleness on an abnormally high rate of pay to settle down peaceably to their usual avocations. In consequence there is not a district but has its tale of acts of brigandage; while in several cities gangs of disbanded soldiers run riot, terrorising the peaceable section of the population and setting the authorities at defiance. There has nevertheless been a marked absence of anti-foreign feeling. In fact His Majesty's consul at Changsha observes that it has been once more shown conclusively that the only requisite for the complete safety of foreigners in Hunan is that there shall be no active campaign against them on the part of those in authority. The officials on their side continue to exhibit anxious care for the safety of foreigners. This is remarkable testimony to the fact that anti-foreign feeling in China has been officially engineered in the past. Twenty years ago the Hunanese were rabidly anti-foreign and Changsha, the capital of the province, was a forbidden city.

Various new secret societies have sprung into existence which mostly confine their activities to organised brigandage against the rich and official classes. The authorities are enrolling among the inhabitants small bands of military police for the preservation of order, and His Majesty's consul remarks that the general outlook at the end of the year is, on the whole, not unpromising.

The finances of the provinces are, as might be expected, in a state of confusion. This, however, does not prevent the officials from drawing up ambitious schemes for public works and education involving very heavy expenditure, and very few of which seem likely to mature in the near future. Many changes have also been introduced in the judicial system, which has much deteriorated under the new régime. The judges are in most cases comparatively young men with a smattering of legal knowledge, but quite unacquainted with the practice of law and without the varied experience of the magistrates under the old system. In fact the administration of justice would appear to be the worst feature of the new Government, and His Majesty's consul at Changsha reports that in cases where British subjects were interested it has required months of unremitting pressure coupled with repeated protests against the procrastination or the bad faith of the authorities to bring the matter to a hearing. Though further pressure, supported by clear and conclusive evidence, has at last extorted in each case a reluctant judgment for the plaintiff, all the consul's efforts to obtain the enforcement of a single one of the judgments have been fruitless.

As already recorded in the case of other provinces, the elections in Hunan were met everywhere with indifference. Procrastination or absolute omission to prepare and transmit the draft registers of voters was universal. Prior to the polling much canvassing took place on the part of candidates for election. The favourite device was to buy up as many as possible of the tickets, one of which was issued to each qualified

elector, and distribute them amongst a number of men who were feasted liberally beforehand. Care, however, was taken to make no payment until after the election, when it could be ascertained whether they had voted for their employer or not. The tickets appear to have fetched high prices, and to have been freely disposed of; 5 dollars apiece was commonly paid, and the price rose as the date of the polling drew near. On the first day of the elections fights between the factions of the rival candidates took place round the polling stations in a number of districts. The ballot-box with the voting papers was usually destroyed, and in several instances the polling station was wrecked as well.

Apart from political troubles, the general state of the province, owing to the excellence of the crops, is showing increasing signs of prosperity, and trade is largely in excess of the figure for the corresponding period of 1911. Steps are being taken to develop the mineral deposits in which this province is so rich, and which include coal, lead, tin, iron, copper, and gold. Various industrial undertakings and railways are also being mooted.

Ichang.

Robberies continue with great frequency in the country districts round Ichang. A serious rising occurred at Hsing Shan, in the Kueichou district, which took the local authorities over six weeks, and some 2,000 troops to quell. The rising was organised by the Red Lamp Society, who are strong on the Hupei-Szechuan border. The trouble began with some 300 to 400 men attacking the local gentry at Hang Hsien. The judge interfered and was killed, as was also his junior. The outlaws then openly declared against the officials. Some seventy soldiers, sent from Kueichou to crush the movement, were badly beaten, and an appeal was sent to Ichang for reinforcements. Four companies of infantry were dispatched, but by the time they arrived on the scene the numbers of the insurgents had increased to some 3,000 men, strongly entrenched in the hills. Further reinforcements with mountain guns had to be sent from Siangyang before the rebels were finally turned out of their strongholds.

Szechuan.

The political situation at Chengtu has been chiefly remarkable for the complete ascendancy which has been gained by the military party under the acting Tutu Hu Ching-yi and the gradual elimination of rival claimants for power from among the various political parties in the province. Owing to the successful intrigues of Hu, the president was induced to abolish the separate post of civil governor, hitherto held by Chang P'ei-cho, president of the Tung Meng Hui, and to invest Hu himself with the duties of the office. Other members of the Teng Meng Hui were compelled to resign their offices, the only one now left in a situation of importance being the Commissioner for Foreign Affairs, Chang Chih-hsiang, whose position is none too secure. As a result of the ascendancy of the military party, nearly all the yamêns and temples have been converted into barracks and the parade grounds in the corners of the city are scenes of great activity.

In spite of the good order that is being maintained, signs of unrest and discontent are not wanting, and plots engineered by the many divergent political parties are constantly coming to light.

The restoration of order in Szechuan has rendered the return of foreign missionaries to their districts feasible and the great majority are now back at their posts with their wives and families. Partly owing to their temporary retreat a movement has been started in more than one place for eliminating the foreign missionaries altogether from the control of church work and placing the mission centre and incidentally the mission property under the control of native pastors. Such a development appeals strongly to the highly independent Szechuan mind and has the sympathetic support of the non-Christian but equally anti-foreign native officials. This phase will require some tactful handling by the foreign missionary body in the near future.

The acting British consul at Chungking reports that the interior of Eastern Szechuan is reverting to normal conditions, and that travel and residence in these parts is now incomparably safer than was the case in December 1911. Armed robbers, however, are still to be feared, as is evidenced by the recent attack on a party of missionaries near Fushan, which resulted in the death of the six-year old son of the Rev. R. O. Jolliffe.

The financial situation in the province remains highly unsatisfactory, though some attempt is being made to redeem the enormous issue of war notes with which Szechuan has been flooded since the revolution of 1911.

Yünnan.

The Apostolic Faith Mission has opened a branch in Yünnan-fu, and the workers include Canadians, Dutch, Norwegians, Danes, and Swedes, to the number of nine. Three members of this sect, of whom two are ladies, are proceeding to Likiang, where they will establish their headquarters, in the hope of getting into touch with the Yünnan Tibetans.

Through communication between Yünnan-fu and Tonkin, on the French railway, is promised for the first days of the present year. A serious landslide in May 1910 completely carried away the line at kilometre 328, and repairs have been proceeding ever since. Goods have been transhipped and carried by a small decauville from one side to the other. The summer of 1912 was remarkable for its dryness, and only one interruption occurred in October at kilometre 337, when a large rock fell on to the line and delayed traffic for eight days. More serious landslides are expected to occur next summer, as the cliffs which overhang the line in Pataho Valley are in a most dangerous condition.

Paper money succeeded in maintaining its par value at Yünnan-fu throughout the past year.

Kuangsi.

The political situation in Kuangsi calls for no special comment. After a session of about two months the provisional Provincial Assembly was dissolved on the 18th October without having accomplished any work of great importance. Primary elections for the new Assembly, as well as for the Peking parliament, were held during the latter part of December. Great rivalry exists between the Kung Ho Tang and the Kuo Min Tang, but the latter are likely to gain the majority of seats. There have been the usual complaints of irregularities in the issue of voting papers, and hints of bribery, but interest in the elections has not been sufficient to cause any public enquiry into such charges. The Central Government have further extended their nominal authority in the province by confirming by Presidential Mandate the six heads of the Government departments, but the appointments of the Tutu have not been interfered with. Brigandage still exists in many parts of the province, though not to an unusual extent. In addition to the troops, which are stationed in the country districts to maintain order, a number of petty officials have been sent to each district, whose special duty it will be to search out bad characters, and keep track of bands of robbers. They will call on the military to assist them if necessary. No cases of piracy have been reported on the west river, above or below Wuchow, during the past quarter, and the riverine districts appear to be practically free from robbers. The British motor-boats continue to take guards supplied from the river police, but Chinese boats have to hire their own. Lack of funds has recently caused the Prefect to reduce the river police force, and the acting British consul has accordingly requested that men may be detailed at Nanning for the new British boats running to that port.

Some trouble occurred at the end of December in connection with the opening of a gospel hall by the Church Missionary Society at Ch'uanchou, which roused the opposition of the local gentry. The matter was brought to the notice of His Majesty's Minister by Bishop Bannister, who was at Peking at the time, and who had received a report on the subject from the Rev. P. Stevens, the Church Missionary Society's agent at Yungchou-fu, Hunan. Sir John Jordan has requested the Wai-chiao Pu to direct the Tutu to issue a proclamation removing any doubts of the people of Ch'uanchou as to the right of the mission to carry on work in that town; and has instructed the acting British consul at Wuchow, who is cognisant of the facts of the case, to endeavour to effect an amicable settlement on the spot.

Pakhoi.

Owing to the severity of the martial law and the ruthless execution of any robbers apprehended, the country round Pakhoi has remained quiet. The number of executions in that district since the establishment of the republican administration is estimated at at least 3,000, and the people are thoroughly overawed thereby. The law courts are not held in high esteem, and have recently suffered further in prestige by the dismissal of the judge for being concerned in selling Government rifles to the villagers, ostensibly for their protection against robbers.

The trade route to Kwangsi, through Lingshan, is now secure and inland trade is reviving. A series of roads are projected, which should prove of great advantage to

the district if properly maintained, but so far little headway has been made, owing to lack of funds. Two municipal roads are being surveyed to Yamchow and Kaochow respectively, some 7 miles of the latter having been commenced.

A good deal of petty outlawry has been reported from Kaochow and Leichow, and a company of soldiers has been sent from Limchow to reinforce the military at Leichow. In the middle of October a band of outlaws ambushed the Kaochow troops, captured a field-gun, and killed fifty or sixty men. This incident was much exaggerated and led to a panic in the country-side, which happily was ended by the arrival of 1,000 fresh troops from Canton. Since then an excellent rice crop has been gathered and the district has been fairly quiet, to such an extent that 182 delegates to a bible workers' conference at the American mission at Kaochow went up and returned to their homes unmolested.

The elections are rousing very little enthusiasm. The Teng Meng Hui is being organised as the official successor to the Kuo Ming Tang, with the object of assisting the Government in countermining the efforts of the Triad Society.

Kiungchow.

The district of Kiungchow has been subjected to the usual disturbances and piracies from which it never appears to be entirely free. The most serious trouble is in the neighbourhood of Dingan, near Kiungchow, and in the district of Ling-sui, in the south-east of Hainan.

No. 10.

Sir J. Jordan to Sir Edward Grey.—(Received February 24.)

Sir,

Peking, February 7, 1913.

IN my despatch of the 20th ultimo, I had the honour to report the decision taken by the Diplomatic Body in respect to the disposal of the surplus customs revenue available for the indemnity, namely, that it should be remitted *pro ratâ* to the various Governments for so many months as the sum should be sufficient to cover, with compound interest at 4 per cent. per annum.

Instructions to this effect were duly telegraphed by the Inspector-General of Customs, at the instance of the Wai-chiao Pu, to the Commissioner of Customs at Shanghai, and the latter immediately consulted the International Bankers' Commission with a view to giving effect to this decision. As a result of this consultation the bankers telegraphed to the Diplomatic Body suggesting that the exchange for remittance of the indemnity payments should be settled weekly at the rate of one month's instalment per week. They pointed out that this arrangement would be advantageous to the Chinese Government, and would avoid upsetting the exchange markets which would be seriously affected by the purchase of so large an amount of gold on one day.

A formal proposal to the same effect having been addressed to the foreign representatives by the Wai-chiao Pu, the question was considered at a meeting of the Diplomatic Body held on the 3rd instant, and a telegram was dispatched to the International Bankers' Commission stating that we had no objection in practice to the proposed arrangement, provided it was understood that it was not to be regarded as a precedent, and that the compound interest at 4 per cent. was paid on the instalments until the date of transfer.

Copies of correspondence exchanged with the Wai-chiao Pu on this subject are enclosed herewith.

I understand from the Shanghai press that the first payment was made on the 31st ultimo, exchange having been settled on that day for the instalments due for November and December 1911.

I have, &c.

J. N. JORDAN.

Enclosure 1 in No. 10.

Wai-chiao Pu to Sir J. Jordan.

Sir,

Peking, January 30, 1913.

WE have the honour to inform your Excellency that a report has been received from the Revenue Council to the effect that they have received the following communication from the Ministry of Finance:—

“Instructions have already been sent to the Inspector-General of Customs to take without delay the steps which may be necessary in connection with the proportional payment of the indemnity. The Inspector-General has now verbally informed this Ministry that a telegram has been received from the Commissioner of Customs at Shanghai to the effect that gold exchange is now very stable: the sterling which must be purchased for the payment of the indemnity, however, amounts to several million pounds, and as a result the price of gold would certainly show a sudden rise, and it is to be feared that a panic might ensue among the mercantile community; the international banks have now under discussion a scheme for periodical purchases of gold at intervals of about ten days or one week, thus avoiding sudden fluctuations in the price of sterling and disturbances of the market.”

It is requested that this proposal should be communicated to the Diplomatic Body.

It would appear that the price of gold is now very stable, but that, if the purchases of gold at one time were too heavy, the price of sterling would suddenly rise, which would certainly react upon the prosperity of foreign and native trade; it appears to us, therefore, that the Inspector-General's scheme is designed for the protection of the market and in the general interest, and that there is no intention of causing obstruction.

In addition to communicating with the Minister of each Power, we have the honour to address this to your Excellency in your capacity as dean of the Diplomatic Corps.

We have, &c.

(Ministers of the Wai-chiao Pu.)

Enclosure 2 in No. 10.

Memorandum communicated to Wai-chiao Pu.

THE Wai-chiao Pu's letter of the 30th ultimo, on the subject of the method to be adopted in remitting in sterling to the various Governments the sums available for proportional payment of overdue instalments of the 1901 indemnity, has been duly considered by the Diplomatic Body.

The foreign representatives had already been informed by the International Bankers' Commission of the proposal made in consultation with the Commissioner of Customs that exchange for remittance of indemnity payments should be fixed weekly at the rate of one month's instalment per week, and the dean was directed to inform the commission that the Diplomatic Body have no objection in practice to the proposed arrangement, provided it is understood that it is not to be regarded as a precedent, and that the compound interest at 4 per cent. is paid on the instalments until date of transfer. A telegram in this sense was dispatched to Shanghai on the 3rd instant, and the dean has now the honour to inform the Wai-chiao Pu accordingly.

Peking, February 6, 1913.

No. 11.

Sir J. Jordan to Sir Edward Grey.—(Received February 27.)

Sir,

Peking, February 11, 1913.

I HAVE the honour to enclose a summary of six Presidential orders which appeared in the “Government Gazette” of the 9th January last.

I have the honour to draw your attention to the substitution of Foreign Affairs delegates for Taotais as the officers responsible for the transaction of business with His Majesty's consuls.

I would point out that, while the Taotai was an official having control over the government of the territory within his jurisdiction, the newly appointed Foreign Affairs delegates hold no such responsible position. The main purpose which, I believe, their appointment will serve is that of a buffer between foreign consuls and the local authorities, relieving the latter from pressure of discussion with the former and rendering more difficult the obtaining of satisfaction for wrongs done to foreign subjects.

Article 7 of the Treaty of Tien-tsin, 1858, provides that consuls and vice-consuls rank with intendants of circuit and prefects respectively, and entitles the former to have access to the official residences of the latter and communicate with them on a footing of equality. The object of this provision was to ensure that opportunity should be obtained for the discussion of matters affecting British interests with officials directly concerned in the administration of the regions in which they were stationed. I would add that the appointment of Foreign Affairs delegates is in violation of this treaty provision.

I have, &c.

J. N. JORDAN.

Enclosure in No. 11.

Summary of Presidential Orders appearing in the "Government Gazette" of the 9th January, 1913, and containing Regulations designed to create uniformity in the Local Government of China.

Order No. 2.

THROUGHOUT the republic, with the exception of Mongolia, Thibet, and Koko-nor, the chief provincial authority is to be the "civil administrator"; or, in provinces where no such official has been yet appointed, the military governor, who is to carry out the duties of civil administrator in addition to his own.

It is laid down that the chief administrative authority in every province shall establish an "Administrative Office," to consist of a general office and the following departments:—

Department of the Interior.
Department of Finance.
Department of Education.
Department of Industry.

Each of these departments is to have a "chief of department," while the sections of each department are to have each a chief and assistants.

Order No. 3.

This order deals with the local government of the metropolis.

Order No. 4.

By this order the Chinese title of the old intendants of circuit or Taotais is altered, the extent of their jurisdiction remaining the same as formerly. In provinces where the post of Taotai has been abolished the chief administrative authority may, if the circumstances require it, establish intendants of circuit under the new title.

Order No. 5.

All subdivisions of a province, whether prefectures, sub-prefectures, departments, or districts, are in future to be styled "districts." The chief administrative authority in each is to be the district magistrate.

In every district where a Court of Justice has not yet been established, one to three assistant judges may be appointed by the judiciary organisation commission.

Order No. 6.

By this order the various titles previously existing for the commissioners of Foreign Affairs are altered to that of Foreign Affairs delegates of the Board of Foreign Affairs. Such delegates are only to be appointed at the more important open ports.

The place of all commissioners of law or justice at present existing is to be taken by a judiciary organisation commission in each province.

Superintendents of customs and salt commissioners are to remain as heretofore.

Foreign Office delegates, chiefs of judiciary organisation commissions, controllers of customs, and salt commissioners are to be appointed by the President on submission of names by the Premier at the request of the head of the Ministry concerned.

In a separate order it is directed that all the above orders shall be carried out by March 1913.

They are provisional and shall only remain in force until regulations are passed by the National Council.

No. 12.

Sir J. Jordan to Sir Edward Grey.—(Received March 1.)

Sir, *Peking, February 12, 1913.*
 WITH reference to my despatch of the 7th instant, I have the honour to enclose herewith copy of a letter which I have received from the manager of the Hong Kong and Shanghai Bank at Shanghai, reporting the payment of the British share of indemnity arrears for the months of November and December 1911 and January and February 1912, and forwarding a statement of the British share showing the net total amount remitted to London on account of payments due for the half-year ending December 31, 1911.

I have, &c.
 J. N. JORDAN.

Enclosure 1 in No. 12.

Hong Kong and Shanghai Banking Corporation to Sir J. Jordan.

Sir, *Shanghai, February 4, 1913.*
 I HAVE the honour to acknowledge receipt of your letter of the 18th January, informing me of the decision of the Diplomatic Body with regard to the remittance of the balance of the maritime and native customs revenues to the various Governments on account of the indemnity.

I am informed that, with a view to avoid disorganising the Shanghai exchange market, the Provisional Government of China has left the settlement of exchange in the hands of the Inspector-General of Customs, who has given the Commissioner of Customs at Shanghai discretion in this matter.

The Commissioner of Customs at Shanghai has, up to the present, settled exchange for the payments due for the months of November and December 1911, and January and February 1912, and the sterling amounts representing the British share have been transferred by telegram in the usual way to London.

A statement of the British share, showing a net total of 165,876*l.* 10*s.* 6*d.* remitted to London on account of payments due for the half-year ending the 31st December, 1911, is enclosed.

Remittances of 27,980*l.* 18*s.* 7*d.* for January and February 1912 were made on the 3rd and 4th February, 1913, respectively.

Compound interest at 4 per cent. per annum on overdue payments will, I am informed, be paid later on up to the date of remittance. A detailed statement showing how the amount is arrived at will then be sent to you.

I have, &c.

A. STEPHEN, *Acting Manager.*

Enclosure 2 in No. 12.

STATEMENT of Chinese Indemnity due to Great Britain for half-year ending December 31, 1911, and amounts paid.

			£	s.	d.
Amount due for principal of indemnity for 1911 .. ..	..	..	37,972	15	9
Amount due for interest of indemnity for 1911 .. ..	..	..	297,798	7	0
Due for 1911 .. ..	..	..	335,771	2	9
Half paid June 30, 1911 .. ..	..	..	167,885	11	5
Balance due .. ..	..	..	167,885	11	4

PAYMENTS received and Interest allowed.

		£	s.	d.
July 31, 1911.	28,000 <i>l.</i> 4 per cent. interest to December 31, 1911, 153 days	469	9	7
Aug. 31, 1911.	28,000 <i>l.</i> " " " "	122	"	374 7 7
Sept. 30, 1911.	28,000 <i>l.</i> " " " "	92	"	286 6 8
Interest allowed		1,126	3	10
Oct. 26, 1912.	28,000 <i>l.</i>			
Feb. 1, 1913.	28,000 <i>l.</i>			
Feb. 1, 1913.	27,885 <i>l.</i> 11 <i>s.</i> 4 <i>d.</i>			
167,885 <i>l.</i> 11 <i>s.</i> 4 <i>d.</i>				
December 31, 1911.	Amount due as above for December.. ..	27,885	11	4
	Less interest allowed at 4 per cent. as above	1,126	3	10
		26,759	7	6
	Less 4 per cent. interest for 184 days on 18,986 <i>l.</i> 7 <i>s.</i> 10 <i>d.</i> , being half of principal paid by June 30, 1911	382	17	0
		26,376	10	6
	Less commission on indemnity service for 1911 paid to Hong Kong and Shanghai Banking Corporation	500	0	0
		25,876	10	6
	July to November instalments, five at 28,000 <i>l.</i>	140,000	0	0
	Total remittances to London ..	165,876	10	6

No. 13.

Sir J. Jordan to Sir Edward Grey.—(Received March 20.)

Sir,

Peking, March 4, 1913.

WITH reference to my despatch of the 27th December last, I have the honour to report that six gentlemen have been chosen to represent the Chinese communities residing abroad in the Upper House of the New Parliament.

The electors assembled at Peking from a very wide area, including many portions of the British Empire, and I received a visit from one gentleman who appeared as the representative of his Chinese community in Melbourne. Although of Chinese parentage he was a British subject; he had practised at the Australian bar for ten years and had never before visited China. His constituents had evidently behaved with generosity in the provision of his travelling expenses, and he admitted that they were anxious to maintain their link with China, whilst they hoped that parliamentary representation would prove a lever for obtaining commercial privileges and for improving their status. I gathered indeed that on arrival he had hoped to be nominated for one of the seats, but he found that the visiting electors had been well canvassed by candidates who were earlier in the field.

The President has made an address to the overseas representatives, giving evidence of a far-seeing desire to draw closer the bonds between Peking and the wealthy Chinese communities which are to be found on the Pacific coasts, in Australia, the Straits Settlements, Hong Kong, Burma, and India.

I have, &c.

J. N. JORDAN.

No. 14.

Sir J. Jordan to Sir Edward Grey.—(Received March 22.)

Sir,

Peking, March 7, 1913.

I HAVE the honour to report that I have received from the International Bankers' Commission their report for the quarter ended the 31st January last, in which they deal with the appropriations of customs revenue during that period. The report of the commission may be summarised as follows:—

The net revenue collected from the 31st October, 1912, to the 31st January, 1913, amounted to 9,935,293 taels, as against 10,567,935 taels collected during the previous quarter.

Payments of loan instalments, including both principal and interest, amounted to 6,789,732 taels. All instalments due up to the 31st January were paid off.

The sum of 10,273,682 taels was transferred to the indemnity account, leaving a balance in hand on the 31st January of 2,186,364 taels.

The exchange was fixed for indemnity instalments due during November and December 1911, and the amounts were remitted by four of the banks. The balance remaining in the hands of the banks will permit of remittances being made on account of the January, February, March, and April instalments.

I have, &c.

J. N. JORDAN.

No. 15.

Sir J. Jordan to Sir Edward Grey.—(Received March 22.)

Sir,

Peking, March 8, 1913.

I HAVE the honour to report that, after consultation with the Admiral Commanding-in-chief and His Majesty's consul-general at Canton, the detachment of Indian troops stationed on Shamen was withdrawn on the 20th February, the Chinese New Year festivals having passed without any untoward incident.

The barbed wire entanglement and barricades are being retained for the present, and His Majesty's ship "Clio" remains as senior naval officer's command.

I have, &c.

J. N. JORDAN.

No. 16.

Sir E. Goschen to Sir Edward Grey.—(Received March 25.)

Sir,

Berlin, March 20, 1913.

I HAVE the honour to transmit herewith a summary by Mr. Sampson of a memorandum on the development of Kiaochow from October 1911 to October 1912, which was published recently in the "Norddeutsche Allgemeine Zeitung."

I have, &c.

W. E. GOSCHEN.

Enclosure in No. 16.

Summary of Memorandum on the Development of Kiaochow from October 1911 to October 1912.

THE Chinese revolution, which began in the autumn of 1911, had an adverse effect on the commerce of the entire country. In the midst of the political troubles, however, Tsingtau remained perfectly secure and tranquil, to such an extent that many influential Chinese merchants took refuge in the colony. It is also worthy of note that the demand for land was greater than in any year since the colony was taken over. The trade of the colony was favourably affected by the above-mentioned settlement of Chinese merchants and by the good harvest in the hinterland.

These circumstances more than outweighed the harmful effects of the revolution, and there was in consequence an increase of 7·6 per cent. in the revenue of the Chinese Maritime Customs, which amounted to 1,406,113 Haikwan taels in 1911-12 as against 1,306,520 Haikwan taels in 1910-11.

The trade of the colony rose from 69·40 million Mexican dollars in the previous year to 89·96 million Mexican dollars. The value of the dollar, moreover, increased from an average of 1s. 10d. to 2s. in the year 1911-12.

According to the statistics of the Maritime Customs Office, the imports of goods not of Chinese origin, excluding the duty-free materials for railways and mining, amounted to 30·9 million dollars as against 28·7 million dollars in the preceding year, while the imports of Chinese origin, which had continually decreased in recent years, rose from 8·4 million dollars in 1910-11 to 22·06 million dollars in 1911-12. This rise was due principally to the above-mentioned increase in the Chinese population, but was also influenced by the completion of the Tien-tsin-Pukow Railway. The total imports of German origin amounted to 5·4 million Haikwan taels, or 796,500l.

The exports in 1911-12 amounted to 37,000,000 dollars as against 32·3 million dollars in 1910-11. The most important exports in the two years were as follows :—

—					1910-11.	1911-12.
					Dollars.	Dollars.
Straw plaiting	..	..	..	..	7,200,000	15,400,000
Ground nuts	..	..	..	..	5,700,000	5,000,000
Ground nut-oil	..	..	..	..	2,000,000	3,200,000
Silk of all kinds	..	..	..	..	5,600,000	5,900,000
Cattle	..	..	..	..	300,000	700,000

During the year 727 ships were cleared, with an aggregate tonnage of 1,136,012 net register tons as against 590 ships of 1,025,267 tons in the previous year.

There was a considerable increase in the receipts of the Shantung Railway Company, which was partly due to the fact that the Tien-tsin-Pukow Railway, joining up to the terminus of the Shantung Railway at Tsinan-fu, was given over to traffic. It is proposed still further to develop the German railways in Shantung by constructing in the first place a line from the station of Kaumi, on the Shantung Railway, to the south of the province viâ Ichou-fu and Ihsien to Hanchwan.

The Shantung Mining Company extracted 532,589·5 tons of coal from the 1st October, 1911, to the 13th September, 1912, as against 453,275·15 tons in the same period of the preceding year.

The revenue of the colony increased from 5,325,978 marks to 6,739,480 marks, an increase which is accounted for principally by the receipts from the sale of land and from the working of the Tsingtau dockyard.

Endeavours are being made by the educational authorities to increase the importance of Tsingtau as a centre of civilisation. Their principal organisation for this purpose is the German-Chinese high school, which consists of a lower grade with 285 students and a higher grade with an attendance of 66. The latter is composed of four departments, viz., the technical-scientific, medical, legal, and agricultural. On account of limited space it was found impossible to accept many Chinese applicants who wished to study at the high school. A new building is, however, under construction, and will shortly be completed. As many scholars from English schools applied for admission to the high school, a special class was provided for Chinese students speaking English with the object of instructing them in the German language so that they might advance as rapidly as possible to the higher classes. This class is also already crowded. There is also a scientific translation institute connected with the high school, which undertakes translations from German to Chinese and *vice versa*.

No. 17.

Sir J. Jordan to Sir Edward Grey.—(Received April 3.)

(Telegraphic.)

Peking, April 3, 1913.

It is thought that there will probably be a struggle between Yuan Shih-kai and the Kuomintang. The latter are strongly opposed to election of Yuan as President, and say that he must fight if he will not withdraw his candidature. They believe that he will yield, but, if not, they profess to be ready to fight, as they have the Wuchang troops on their side.

No. 18.

Sir J. Jordan to Sir Edward Grey.—(Received April 8.)

(Telegraphic.)

Peking, April 8, 1913.

BOTH Houses of Parliament were formally opened this morning without incident.

No. 19.

Sir J. Jordan to Sir Edward Grey.—(Received April 10.)

Sir,

Peking, March 27, 1913.

I HAVE the honour to transmit to you herewith a copy of a memorandum which, in accordance with your instructions, I have addressed to the Wai-chiao Pu, acquainting them with the objections of His Majesty's Government to the policy of the regulations for the election to the National Assembly of deputies to represent Chinese resident abroad, in so far as British colonies are concerned.

I have, &c.

J. N. JORDAN.

Enclosure in No. 19.

Memorandum communicated to Wai-chiao Pu.

ON the 29th November last His Majesty's Minister, at an interview with the Minister of Foreign Affairs, discussed the subject of the regulations issued by the Chinese Government for the election of representatives to the National Assembly by Chinese resident abroad, and took occasion to warn his Excellency of the possibility of objections being raised by His Majesty's Government to the participation by Chinese resident in British colonies in such elections.

His Majesty's Minister has now the honour to inform the Wai-chiao Pu that he has been instructed by His Majesty's Principal Secretary of State for Foreign Affairs to state formally to the Chinese Government that His Majesty's Government entertain strong objections to the policy of these regulations so far as British colonies are concerned.

Peking, March 27, 1913.

No. 20.

Sir J. Jordan to Sir Edward Grey.—(Received April 24.)

Sir,

Peking, April 8, 1913.

WITH reference to my despatch of the 20th January last, I have the honour to transmit to you herewith a copy of a letter from the secretary of the International Bankers' Commission at Shanghai requesting that the arrangement for the apportionment of the surplus customs revenue for the present year should be modified. The existing arrangement will be found recorded in the identic letter from the Diplomatic Body to the Bankers' Commission of the 30th January, 1912, which formed Enclosure No. 5 in my despatch of the same date.*

The question was considered at a diplomatic meeting held on the 7th instant, when the proposal of the Bankers' Commission was unanimously accepted and communicated to-day to the banks at Shanghai in an identic letter, copy of which is enclosed herewith.

I have, &c.

J. N. JORDAN.

Enclosure 1 in No. 20.

International Bankers' Commission to Sir J. Jordan.

Sir,

Shanghai, March 26, 1913.

I AM instructed to inform you that a meeting of the International Bankers' Commission was held on Thursday, the 20th instant, to discuss the question of custody of the loan service funds.

It was decided to request you to cancel clause 6 of your letter of the 30th January, 1912, and to add to clause 2 the following sentence:—

“but as soon as the service for the current year of all loans contracted before 1900 is provided for by funds in these banks, then the surplus shall be divided *pro ratâ* till the end of 1913 amongst the banks having charge of the indemnity service.”

* See “China, No. 3 (1912),” No. 113.

The clause would then read :—

“The banks chiefly interested, viz., the Hong-Kong and Shanghai Banking Corporation, the Deutsch-Asiatische Bank, and the Russo-Asiatic Bank, shall be custodians of the customs funds at Shanghai, but as soon as the service for the current year of all loans contracted before 1900 is provided for by funds in these banks, then the surplus shall be divided *pro ratâ* till the end of 1913 amongst the banks having charge of the indemnity service.”

I shall be glad to hear that the Diplomatic Body approve of the above alterations.

I have, &c.

R. W. ROBERTSON, *Secretary*.

Enclosure 2 in No. 20.

Sir J. Jordan to Managers of Hong Kong and Shanghai Bank and Chartered Bank of India, Australia, and China.

Sir,

Peking, April 8, 1913.

I BEG to refer you to the letter of the 26th March which the secretary of the International Bankers' Commission addressed to the dean of the Diplomatic Body, proposing certain alterations in the instructions conveyed to you in my letter of the 30th January, 1912,* and to inform you that the Diplomatic Body have agreed to cancel Clause 6 of the letter of the 30th January, 1912, and to add to Clause 2 the following sentence :—

“but as soon as the service for the current year of all loans contracted before 1900 is provided for by funds in these banks, then the surplus shall be divided *pro ratâ* till the end of 1913 amongst the banks having charge of the indemnity service.”

Which clause will then read as follows :—

“The banks chiefly interested, viz., the Hong Kong and Shanghai Banking Corporation, the Deutsch-Asiatische Bank, and the Russo-Asiatic Bank, shall be custodians of the customs funds at Shanghai, but as soon as the service for the current year of all loans contracted before 1900 is provided for by funds in these banks, then the surplus shall be divided *pro ratâ* till the end of 1913 amongst the banks having charge of the indemnity service.”

I have, &c.

J. N. JORDAN.

No. 21.

Sir J. Jordan to Sir Edward Grey.—(Received April 26.)

Sir,

Peking, April 9, 1913.

AS I had the honour to inform you in my telegram of yesterday, the first Parliament of China was formally inaugurated yesterday morning. I beg to enclose the translation of a note from the Wai-chiao Pu requesting that this intelligence may be conveyed to His Majesty's Government.

Although the event passed off smoothly and everything is quiet on the surface, there is a strong under-current of friction and an apprehension of possible trouble. It is when the formalities have been concluded and the two Houses proceed to business that the trial of strength will take place. Yuan Shih-kai will in all probability be elected President of the Republic, but an attempt will certainly be made, in framing the constitution, to reduce his powers to a minimum. He may then have to choose between accepting an ornamental position and asserting his claim to a real share in the government. The impression at present is that he will have the support of the military leaders in adopting the latter course.

I have, &c.

J. N. JORDAN.

* See “China, No. 3 (1912),” No. 113

Enclosure in No. 21.

Mr. Lu Cheng-hsiang to Sir J. Jordan.

(Translation.)

Sir,

April 8, 1913.

THE Parliament of the Republic of China having been formally established and inaugurated with this day's ceremonies, I have the honour to inform your Excellency accordingly, and to request that you will communicate the above to His Majesty's Government.

I avail, &c.

(Seal of Wai-chiao Pu.)

No. 22.

Sir J. Jordan to Sir Edward Grey.—(Received May 19.)

Sir,

Peking, May 3, 1913.

WITH reference to my despatch of the 7th February, I have the honour to transmit to you herewith a summary by Sir Somerville Head of the general state of affairs in the provinces during the first quarter of 1913, which has been prepared from the reports of His Majesty's consular officers.

I have, &c.

J. N. JORDAN.

Enclosure in No. 22.

Summary of Events in the Provinces during the first Quarter of 1913.

THE reports received from His Majesty's consular officers during the past quarter reflect an improvement in the general situation from the point of view of security of life and property. It is true that robber bands still continue their depredations in numerous districts; but the provincial authorities, who now have their troops under better control, have been very active in repressing disorder. They have been hampered in this task by the distress in the northern provinces resulting from the prolonged drought and the discontent fomented in the southern provinces by secret societies which combine politics with highway robbery.

On the other hand, while recovering their local authority, the provincial officials have tasted the sweets of independence from the control of the Central Government, and are in no mood to submit readily to the dictation of Peking. In one or two recent trials of strength the Central Government has proved powerless to enforce its will, and has submitted to the appointment to the higher provincial posts of local officials chosen on the spot. How far this movement may eventually go it is yet too early to tell, but much depends on the line of policy pursued at the present moment by President Yuan Shih-kai.

Shantung.

Apart from brigandage, which is more or less chronic in certain parts of Shantung, the state of this province has been remarkably peaceful during the past quarter. There have been no mutinies of any importance. The local revolutionary force at Chefoo has been finally disbanded and replaced by 1,500 regular troops. A serious drought has spoilt the prospects of the winter wheat and occasioned a certain amount of distress. The authorities have recently prohibited the export of grain from Shantung and provided for its import into the province free of duty. The drought tends to increase the number of armed robberies, which still occur with some frequency in the neighbourhood of Tsaochow to the south-west and Loling to the north. Village volunteer corps have been formed in many districts to relieve the regular forces of police duty and to assist in the maintenance of order.

There has been much complaint recently regarding the working of the Tientsin-Pukow Railway, the management of which is in Chinese hands. It is stated that freight cars cannot be obtained without squeezes, and that they are often left empty at one station when urgently needed at another. Travellers by the ordinary trains are also exposed to much discomfort. The chief engineer is constantly

bringing these defects to the notice of the administration, but is merely informed in reply that the railway is run for Chinese and not for foreigners, and that the latter are under no obligation to make use of it. Nevertheless, the increased facilities which the railway affords are largely increasing its revenue and incidentally drawing off a portion of the trade from the hinterland of Tsingtau. The German Shantung Railway, running from Tsinan to Tsingtau, until recently gave the latter port a monopoly of the railborne trade of the province. The distance from Tsinan to Tientsin is actually 40 miles less than from Tsinan to Tsingtau, and when the Tien-tsin-Pukow Railway was built, merchants in the west of Shantung found it cheaper to export *viâ* Tien-tsin, and the latter port quickly absorbed a large volume of trade that had until then been considered outside its sphere. The German railway has now declared a reduction of 40 per cent. on its freight charges to recover its traffic. It is, of course, open to the Chinese railway to do the same, and the greater length of its line, and, consequently, larger volume of trade that it will handle, together with the advantages offered by its termini, will place it in a strong position should a rate-cutting competition ensue with the other railway. Unless the Germans are able to extend their line further into the interior, and tap the provinces of Shansi and Honan—as it is said they are endeavouring to do—in time the port of Tsingtau will have to content itself with the trade of the immediate neighbourhood, which experience has proved to be much less rich than was originally hoped. Moreover, branch lines have been projected, linking up the various provincial centres of Shantung with the Tien-tsin-Pukow Railway, and giving connection with Chefoo, now at last to obtain its much-needed breakwater.

Manchuria.

The task of suppressing brigandage in the cereal-producing areas round Harbin has been taken seriously in hand by the Chinese authorities, in response to representations from the British and Japanese consular officers. Chinese official reports claim the destruction of 929 brigands by fighting and execution. The same reports contain circumstantial accounts of the manner in which the most notorious of the Hunghutzu was first induced to bring his gang to the aid of the military in exterminating his former associates, and then, after the successful termination of the operations, invited to receive commendation from the commanders of the expedition, overpowered and hacked to pieces with his following. It is hoped that by this means an effective blow has been dealt against lawless activities in that neighbourhood.

Kiangsu and Anhui.

The border between Kiangsu and Anhui has been conspicuous for brigandage, which here, as elsewhere, has been increased by the distress caused by the drought. Chu-chou, on the railway, 25 miles from the terminus, attained such notoriety early in the year that the Governor despatched some thousand troops thither. Their presence had a salutary effect locally, but transferred the scene of trouble to another district. This led to the moving of the military from the Chu-chou district, where troubles at once recommenced, culminating in a serious disturbance on the 11th March, arising out of the activities of the secret societies. The principal secret society in the Lower Yang-tsze valley is the Nine Dragon Hill Society, which seems to be moved by a general spirit of discontent, rather than by any definite programme of reform, though it is also alleged to be anti-foreign. Many soldiers are said to be implicated in the movement. The authorities both of Kiangsu and of Anhui have been most energetic in seeking out and decapitating members of this society. The Nine Dragon Hill and Sea Dragon Societies have branches at Chinkiang, Wuhu, and most of the ports of the Lower Yang-tsze. The membership is chiefly composed of salt smugglers, disbanded soldiers, and railway coolies, and it was these who were responsible for the outbreak in Chu-chou. Some officers stationed there were also implicated. The troops at Chu-chou were reinforced on the 12th March, and had no difficulty in driving away the looters, who fled across the border into Kiangsu, since when matters seem to have quieted down. The district magistrates in North Kiangsu have been provided, provisionally, with power to hold Courts under military law for the trial of serious cases; and to report the proceedings direct to the Tutu, who may order these cases to be dealt with as within the scope of military law.

The well-to-do classes at Chinkiang, disgusted with the mismanagement of the Government schools, are turning in large numbers to the missionary institutions. In fact, His Majesty's consul notes an increasing tendency on the part of the Chinese

in that district to seek foreign aid and support in all important matters. In time of famine the people there have learnt to expect foreign contributions and gratuitous assistance from foreign missionaries. The conservancy of the Grand Canal is a matter of supreme importance to Chinkiang and Yangchow, and the matter is being seriously discussed; but proposals for a loan from the chambers of commerce of the principal towns interested find but feeble support, while the idea of a foreign loan is generally accepted as the only solution. The security for such a foreign loan would be the taxes on merchandise ("hewushui"), which are to replace the old *li-kin*. This new scheme is to abolish all taxation on goods in transit, and replace it by production and destination (or consumption) taxes, and it is now in full working order, at any rate in the area round Chinkiang.

Kiangsi.

The chief interest of the past quarter in the province of Kiangsi, centres round the conflict between the provincial and central Governments. In January, owing to the independent attitude adopted by the Tutu Li Lieh-chün, the president ordered the detention of 7,000 rifles and about 3,000,000 rounds of ammunition which had been landed in Kiukiang, having been ordered some time ago by the former Tutu of Kiangsi. Li Tutu was not willing to submit to such a rebuff and moved troops forward from Nanchang towards Kiukiang, where General Ko was prepared to throw in his lot on the side of the Central Government. Li Tutu, on General Ko proving obdurate, appointed Ou-yeng Wu to supersede him and took further military measures with a view to compelling Ko to resign. On the 24th March a collision between Ko's troops and those commanded by Ou-yang-Wu appeared inevitable. Altogether some 3,000 troops were converging on Kiukiang where Ko had at his disposal 1,500 men. Rumours of reinforcements for both sides amounting to an open breach between north and south were current in the Yang-tsze Valley. It was commonly believed that an active coalition had been formed between the provinces of Anhui, Kiangsi, Kuangtung, Fukien, and possibly Hunan, to resist the authority of Yuan Shih Kai and that civil war was imminent. Fortunately, Wang Chih-hsiang, the official deputed by Yuan Shih Kai to arrange the matter of the munitions of war, was still in the province, and after some negotiation succeeded in persuading General Ko to resign and leave Kiukiang. This was a further triumph for the Kiangsi provincial authorities. In December last they refused to accept the civil administrator appointed by Peking; in February they threatened civil war unless Peking withdrew the embargo on the munitions of war purchased by the Provincial Government; in March they again threatened recourse to arms, unless an officer, backed by the Central Government, were forthwith removed from his post. In all three cases the Central Government, who claim to be able to enforce their will on the provinces, submitted to the dictation of the Kiangsi officials. The latter now only recognise the authority of Peking when it coincides with their own wishes. The murder of Sung chiao jen, under circumstances which enabled suspicion to be cast by their political opponents on the President and Premier at Peking, has further alienated the sympathies of the Yang-tsze provinces and strengthened the movement towards secession.

Kiangsi is also suffering from distress in the interior, due partly to the destruction of a large proportion of the crops by the floods of last summer and partly to the inclemency of the past winter.

Hupei.

In spite of a succession of disquieting rumours and some affrays between disorderly soldiers and the city guards, the authorities have been successful in preventing any serious breach of the peace in Wuchang during the past quarter, but a strong feeling of uneasiness as to the future exists among the inhabitants. The presence of a large number of disbanded soldiers is the most dangerous factor in the local situation. The rumours of impending trouble were particularly numerous towards the end of March, and many of the merchant class thought it more prudent to leave Wuchang and take up their residence in Hankow. On the nights of the 28th and 29th March special precautions were taken and the city was carefully picketed, but no disturbances of a serious nature actually occurred. A considerable force of Pei-yang troops have recently been sent down to Hankow as a precaution against disaffection amongst the local levies, and possibly, also, to strengthen the hands of General Li Yuan Hung in case of a struggle with the south.

Serious rioting has been reported from other parts of Hupei, and bands of disbanded soldiers returning to their homes have been guilty of many acts of violence.

His Majesty's consul at Ichang reports that lawlessness still continues in the country districts. At Kinchou, a former Manchu stronghold, there are some 15,000 Manchus in a state of destitution, and attempts to transport them to other parts of the province have so far failed.

Honan, Shensi, and Kansu.

The long-continued drought in this part of China, resulting in a total or partial failure of the crops, gives cause for considerable anxiety. A little rain has fallen recently, but much distress prevails. The state of affairs not unnaturally tends to increase the general disorder and swell the numbers of the robber bands. The country round Honan-fu is said to be very disturbed. Trade is almost at a standstill, and many of the merchants are leaving Honan altogether. The military authorities, however, have been doing their best to disperse the robber bands wherever their depredations have been excessive, and latest reports are of a more hopeful nature.

Szechuan.

The province of Szechuan would appear to be in the control of the secret societies which continue to impose upon the peaceful inhabitants in the guise of political parties in the Republican interest, while not disdaining at the same time to share in the spoils of the more or less organised raids of the robber gangs affiliated to them. Public attention at Chengtu has been concentrated during the past quarter on the provincial elections to the Peking Parliament. The election of the thirty-five members to represent Szechuan in the Lower House was effected without serious difficulty, but that of Senators for the Upper House, which had to await the settlement of the internal affairs of the Provincial Assembly proved a tardy process. Of the thirty-five members of Parliament for Szechuan, twenty-three are said to belong to the Kuo Min Tang and twelve to the Kung Ho Tang. The result may be said to be less representative of public opinion in the province than of a highly-organised party, whose main object appears to be the obtaining of well-paid posts for its members. The Kuo Min Tang favour the maximum of provincial autonomy, including the right to elect their own Governor and choose their own executive officials. The Kung Ho Tang is in favour of centralisation and willing to leave the appointment of Governor and executive officials in the hands of the Central Government at Peking.

Towards the end of February there was a mutiny of unpaid soldiers at Ningyuenfu. Order was restored but no serious attempt made to punish the ringleaders.

Various conferences have taken place at Chengtu between representatives of the native converts who wish to manage their own church independently of the foreign missionaries and the missionaries themselves. This independent church movement is growing all over China, but the question of finance is at present the main stumbling-block in the way of the Chinese converts.

Eastern Szechuan was also disturbed in the month of February by a deliberate attack on the city of Wan Hsien by the Chengtu troops forming part of the garrison. At best an ill-disciplined body, arrears of pay and rumours of their approaching disbandment had brought about a state of mutiny in the ranks. Fifteen of the largest firms and pawnshops were successively invaded and looted, and the men having secured between 5,000 and 10,000 taels in silver, were only induced to return to their barracks by a promise of 10,000 dollars from the townspeople. Further outrages were averted by the payment of this sum, the troops concerned being also awarded an additional month's pay as a gratuity. Some time elapsed before the authorities took steps to bring the ringleaders to book, but several of the chief offenders were eventually shot and the disorderly company transferred to Chengtu.

During the looting no hostility to foreigners was displayed, but His Majesty's consul at Chungking reports that a certain measure of irritation, which has found vent in posters inveighing against the malicious designs of the foreign Powers for the partition and enslavement of China, has lately made its appearance in Wan Hsien.

The reduction of the military forces of Szechuan has led to a recrudescence of armed robbery and kidnapping in Nan Chuan, Ch'i Chiang, and other districts bordering on the lawless province of Kueichou. A force sent from Chungking to restore order was defeated by a strong band of brigands, and concerted action by the military authorities of Kueichou and Szechuan was needed to suppress the general disorder along the border. At present a party of soldiers is posted every 5 *li* along the

main roads, and conditions are so far improved that the Post Office is endeavouring to reopen the parcel-post service to Kueichou, which has been interrupted since the beginning of the railway rising of 1911.

Yünnan.

Very peaceful conditions have prevailed in the province of Yünnan for some time, and there have been no serious disturbances to record. The people appear to be prosperous and contented, and the army—well paid and disciplined—has given no trouble. The Provincial Treasury is reported to be practically empty, but funds are forthcoming to provide for the current expenses of administration and even for the purchase of munitions of war. The feeling of hostility towards the British on account of their supposed aggressions on the frontier still exists amongst all classes of Yünnanese, and has a prejudicial effect on British interests in that part of China. His Majesty's consul-general is endeavouring to counteract this, in some measure, by persuading the local authorities to send a few students to the Hong Kong University out of the 100 which are to be sent abroad this year.

A society for the advancement of Buddhism in China has been established in Yünnan-fu under the patronage of the local Government.

Kuangsi.

The political situation in Kuangsi has remained quiet during the past quarter. There are the usual reports of armed robberies by bands of brigands, especially in the south-east and east of the province bordering on Kuangtung. But the Government would seem to be doing its best to restore order, and captures of brigands are reported almost daily. There has been no piracy on the upper portion of the West River during the past quarter.

Kuangtung.

The number of members to be sent by the province of Kuangtung to the Peking Parliament is thirty. There are seven electoral districts. The third electoral district, which includes Swatow, provides four members, and the total number of electors in the district is 257,585. The Haiyang magistrate and others were denounced for malpractices, but the cases against them were settled by compromise.

Circular instructions have been issued by the Canton Governor to the various district magistrates directing the establishment of police in the villages without delay. After three months an official inspection will be made, and the efficiency of the different district magistrates will be judged according to their merits or the reverse. The membership of the Triad Society is said to be increasing; and another society, the Eight Diagram Society, has also been fomenting trouble, but the military authorities seem to be able to maintain control for the present. The latest advices from Canton indicate that the Tutu and local officials are gradually strengthening their position. Appeals have been issued for some time past to Chinese abroad for funds for a campaign in Mongolia, but it is more than doubtful whether the money received will be devoted to this purpose.

At Pakhoi, in the south-west of the province, there has been a severe epidemic of bubonic plague, which, owing to the general insanitary conditions of the port, seems likely to increase in virulence during the present quarter. Many of the Chinese have taken refuge in the surrounding villages, but the disease does not seem to be spreading much to the interior; though one or two cases have been reported from Limchow. The latter district has also been the scene of some rioting out of the imposition of new taxes. These disorders were suppressed with great brutality by Colonel Hsu Wei Yang, who did not hesitate to make use of his troops for the purpose of levying blackmail on unoffending villagers. Colonel Hsu has since been recalled, and the situation is now more peaceful.

Fukien.

In the beginning of February there was an attempt to assassinate the new civil commissioner, Chang Yuan-chi, by means of a bomb placed on a bridge over which he was passing. Chang noticed the bomb, and stopped his chair in time to save his own life, but two of his bodyguard in front had their legs blown off. Bombs have also been found in other parts of Foochow, but otherwise there has been no serious disturbance. The district round Foochow has been quite peaceful, and even Hsing Hua, usually in a

state of unrest—and especially so since the forcible uprooting of the poppy crop—is now settling down to more normal conditions. His Majesty's consul at Foochow observes a notable inclination among the natives to revert to idol worship and to the pre-Revolution type of costume. The attitude of Fukien and Chekiang towards the Central Government would seem to be rather more loyal than that of the other southern provinces, and it is possible that, in the event of a conflict, they would take sides against the latter in favour of Yuan Shih-kai.

No. 23.

Sir J. Jordan to Sir Edward Grey.—(Received May 19.)

Sir,

Peking, May 3, 1913.

I HAVE the honour to enclose copy of a note from the Wai-chiao Pu stating that the United States Chargé d'Affaires, Mr. Williams, under instructions from Washington, conveyed to Yuan Shih-kai yesterday the formal recognition of the Republic of China by President Wilson on behalf of the Government and citizens of the United States.

I have, &c.

J. N. JORDAN.

Enclosure in No. 23.

Wai-chiao Pu to Sir J. Jordan.

(Translation.)

Sir,

Peking, May 2, 1913.

I HAVE the honour to inform your Excellency that Mr. Williams, United States Chargé d'Affaires at Peking, under instructions from the State Department, has on the 2nd May called upon the President of China and handed to him a telegram from the President of the United States to the President of China formally recognising the Republic of China on behalf of the Government and citizens of the United States.

I avail, &c.

(Seal of the Wai-chiao Pu.)

No. 24.

Sir J. Jordan to Sir Edward Grey.—(Received May 26.)

Sir,

Peking, May 8, 1913.

I HAVE the honour to transmit herewith copy of Yuan Shih-kai's official reply to President Wilson's message of recognition.

It will be noted that Yuan Shih-kai refers in the last paragraph to "the faithful execution of all established obligations."

I have, &c.

J. N. JORDAN.

Enclosure in No. 24.

Newspaper Extract.

PRESIDENT YUAN TO PRESIDENT WILSON.

THE following is President Yuan's official reply to his Excellency Woodrow Wilson, President of the United States of America:—

In the name of the Republic of China I thank you most heartily for the message of recognition which you have sent to me through your honoured representative in this capital. The sentiments of amity and goodwill which it bespeaks, and the expressions of greeting and welcome which it conveys, at once testify to the American spirit of mutual helpfulness, and add another brilliant page to the history of seventy years of uninterrupted friendly intercourse between China and the United States.

Though unfamiliar with the Republican form of government, the Chinese people are yet fully convinced of the soundness of the principle which underlies it, and which

is so luminously represented by your glorious commonwealth. The sole aim of the Government which they have established, therefore, is, and will be, to preserve this form of government and to perfect its workings, to the end that they may enjoy its unalloyed blessings—prosperity and happiness within, through the union of law and liberty, and peace and friendship without, through the faithful execution of all established obligations.

YUAN SHIH-KAI,
President of the Republic of China.

No. 25.

Sir J. Jordan to Sir Edward Grey.—(Received May 26.)

Sir,

Peking, May 9, 1913.

IN October 1901 the Diplomatic Body were approached by the Wai-wu Pu with a request that they would issue instructions to their nationals that the shops and other establishments of foreign merchants in Peking must, in accordance with treaty, be removed to one of the open ports.

In the previous month the legations had received identic notes to the effect that in future Peking octroi would be levied on all foreign goods entering the city, with the exception of those destined for the diplomatic missions or for the legation guards. The Diplomatic Body, in reply to the above-mentioned note on the subject of octroi, treated at the same time the question of the removal of foreign commercial establishments from Peking. They notified their acceptance of the octroi proposal on condition that the Chinese Government should not insist on their request regarding the removal from Peking of the establishments of foreign merchants. Here the matter rested until 1903, when Prince Ch'ing returned to the charge by addressing to the Diplomatic Body a letter in which he again pointed out that Peking was not an open port, and declared that in future foreign merchants would no longer be at liberty to purchase houses or to open shops in the city. No reply was returned by the legations to this communication. Later in the same year the question again arose during the negotiations between China and Japan, and article 10 of the Supplementary Treaty of Commerce of 1903 reads as follows:—

“The high contracting parties hereby agree that, in case of and after the complete withdrawal of the foreign troops stationed in the province of Chihli and of the legation guards, a place of international residence and trade in Peking will be forthwith opened by China herself.”

During 1906 the Japanese Legation received protests from the Wai-wu Pu regarding the opening of certain shops by their nationals, but on each occasion refused the Chinese demand on the ground that the residence in Peking of foreign merchants for purposes of trade had become a matter of historical usage.

Since 1906 the matter lay dormant until September last, when the Diplomatic Body received from the Wai-chiao Pu a note reviving their previous demand for the removal of foreign business establishments. The note, translation of which I have the honour to enclose herewith, is couched in much the same terms as previous communications on this subject, and is chiefly interesting as furnishing an additional proof that the Chinese Republic is by no means behind the previous régime in its desire to restrict by all means in its power the development of foreign commerce throughout the country.

I have also the honour to enclose copies of the memorandum which is being addressed by the Diplomatic Body to the Wai-chiao Pu in reply to their note of September last. It will be observed that the heads of missions regret their inability to comply with the proposal of the Wai-chiao Pu, and base that inability on the ground of established usage.

I have, &c.

J. N. JORDAN.

Enclosure 1 in No. 25.

Lu Cheng-hsiang to Sir J. Jordan.

(Translation.)

Sir,

September 3, 1912.

THE inner and outer cities of Peking are not a port open to trade, and by treaty foreign merchants may not open shops and warehouses there, but since 1900 foreign merchants have, in contravention of the treaty, ventured to open stores and shops in every part. During 1903 the former Wai-wu Pu repeatedly consulted with the foreign representatives in Peking with a view to enforcing the treaty prohibition, and made it clear that none of the shops or warehouses opened before that date would be ordered to be closed, but that, with this exception, no others might be opened.

Now, a careful enquiry shows that foreign merchants during recent years have again without authority opened stores and shops. This is a distinct breach of the former understanding, but inasmuch as these merchants have brought their capital from afar and are carrying on trade under difficult conditions, a sudden compulsory cessation of their business might cause them loss and damage, and so some allowance should be made. It has now been decided that all stores and shops opened by foreign merchants prior to the 9th month of the 1st year of the Republic (September 1912) shall be permitted to carry on business as usual, but they must observe the police regulations on the same footing as Chinese merchants, and will receive the same protection, and in no circumstances may any other stores or shops be opened. In the event of any such being opened in future without authority in defiance of treaty they will be closed immediately so as to comply with treaty provisions.

I have addressed (the various foreign representatives) on this subject, and I now have the honour to request your Excellency for the honour of a reply and to hope that British merchants will be directed to conform with the above.

I have, &c.

(Seal of the Wai-chiao Pu.)

Enclosure 2 in No. 25.

Memorandum communicated to Wai-chiao Pu.

HIS Majesty's Minister has the honour to acknowledge the receipt of the Wai-chiao Pu's note of the 3rd September, 1912, in which the latter notifies that all shops and stores opened by foreign merchants in Peking prior to the 9th month of the Republic (September 1912) shall be permitted to carry on business as usual, but they must observe the police regulations on the same footing as Chinese merchants, and will receive the same protection, and in no circumstances may any other shops or stores be opened.

In reply, His Majesty's Minister begs to state that, though the city of Peking has never been opened, by virtue of treaty, to foreign trade, it has become the established usage since the Boxer troubles for foreign merchants to reside and carry on business in the inner and outer cities of Peking.

It is observed that there are stipulations in the notes exchanged on the 10th October, 1903, between the commissioners of Japan and China for treaty revision to the effect that after the withdrawal of the foreign troops a place will be designated outside of the inner city of Peking for foreign trade whither foreigners scattered both within and without the city walls shall be required to transfer themselves. No prohibition, however, being expressed, it is inferred from the foregoing that until such designation is made the fact of residence and trade of foreigners is accepted.

It is admitted that during 1903 the former Wai-wu Pu declared that none of the foreign shops or warehouses opened before that date would be ordered to be closed, but that with this exception no others might be opened; but the Diplomatic Body never expressed its consent to the Chinese proposal.

The Chinese Government are therefore equitably estopped from objecting to the continuance of such residence and trade of foreigners already in Peking, and cannot justifiably object to other foreigners enjoying the privilege already conceded to their compatriots and other nationals.

Under these circumstances His Majesty's Minister regrets that he is unable to comply with the Wai-chiao Pu's proposal on the subject.

Peking, April 28, 1913.

Sir J. Jordan to Sir Edward Grey.—(Received May 30.)

Sir,

Peking, May 13, 1913.

I HAVE the honour to forward herewith translation of a memorandum from the Wai-chiao Pu on the subject of foreign loans.

You will observe that the Chinese Government decline to recognise any loans to public or private bodies in any part of China from foreign merchants, in which railways or mines which are the property of the State are given as security, without the consent of the Central Government having been obtained.

I am circulating a copy of this communication to His Majesty's consular officers for the information of British merchants.

I have, &c.

J. N. JORDAN.

Enclosure in No. 26.

Wai-chiao Pu to Sir J. Jordan.

(Translation.)

Sir,

Peking, May 6, 1913.

I HAVE the honour to observe that the late Manchu Government, and that of the Republic, have on many occasions informed the Diplomatic Body that in cases where foreign loans are made, whether by provincial officials for public requirements, or by merchants for undertaking railways or mines, the consent of the Central Government must first be obtained, and the latter will officially inform the Diplomatic Body for purposes of record; and further, that the foreign merchant making the loan must first inform his Minister at Peking, who will enquire whether the loan has the consent of the Chinese Government, only after which may the loan actually be paid over.

On the 30th November of last year a presidential order was received stating that it was essential that our financial plans should form a united whole, and that in future all matters concerning loans should come under the direction of the Minister of Finance. On the 2nd December the contents of this order were communicated to all the Ministers at Peking, and they were requested to inform merchants of their respective nationalities.

It is evident that the object of the Chinese Government in making the above repeated declarations as to the method of contracting loans throughout the country, was not merely to secure the solidity of our internal finances, but to protect the interests of foreign merchants who might advance money: this should be credited by all foreign merchants. I have now the honour again to declare that the Government will refuse to recognise any loans by public or private bodies in any part of China from foreign merchants in which railways or mines which are public property are given as security for which the consent of the Central Government has not been obtained, and this whether or no an agreement has been drawn up. Where cases of this sort occur, and foreign merchants as a result suffer financial losses, the Government will not undertake the responsibility of obtaining compensation for them.

I have the honour to communicate this to your Excellency, and to request you to instruct merchants of your nationality accordingly, in order that they may strictly observe the regulations laid down. By doing so you will assist in the maintenance of friendly relations.

I avail, &c.

(Seal of the Wai-chiao Pu.)

No. 27.

Sir J. Jordan to Sir Edward Grey.—(Received May 30.)

Sir,

Peking, May 13, 1913.

I HAVE the honour to report that Deputy-Speakers of the Senate and of the House of Representatives have now been elected, and that, with the election of these officers, the National Assembly may be regarded as a properly constituted body.

On the 2nd and 4th instant respectively the Chinese Republic was formally recognised by the Republics of Mexico and Cuba.

I have, &c.

J. N. JORDAN.

No. 28.

Sir J. Jordan to Sir Edward Grey.—(Received June 2.)

Sir,

Peking, May 19, 1913.

I HAVE the honour to report that two Presidential Orders, dated the 2nd and 7th instant, have been published which, though couched in somewhat veiled language, are regarded by the Chinese as containing a warning to the southern agitators and an avowal of the President's intention to resort to coercion should the necessity arise. The overt action which has followed the issue of the mandates is a significant indication of the Government's intention to crush any attempt at insurrection. The northern troops which were posted at Hsinyang, on the borders of Honan, have been moved down to Hankow, and preparations are being made for transporting the 6th division to a point on the Yang-tsze where it will be in a position to overawe Kiangsi. Information to this effect reached me some days ago, and I duly apprised Vice-Admiral Jerram by telegram of the proposed movements. The President and his advisers seem to consider that a display of force will be sufficient to effect their object, and they anticipate no organised resistance, although they admit the possibility of sporadic outbreaks. But if, as would appear to be the case, their intention is to remove the governors of Kiangsi and Anhui and replace them by adherents of their own party, the situation may at any time assume a serious complexion. The south may not have much military force at its command, although the 8th division at Nanking would probably rally to its side, but it can always refuse to remit supplies and greatly hamper the Central Government by a policy of passive resistance.

The root cause of all the trouble is the essential difference in the political outlook between the north and south. Men like Sun Yat Sen and Huang-hsing have really nothing in common with Yuan Shih-kai and the older class of officials. The former extol constitutional methods and wish to make their application a means of curtailing the powers of the President. The latter see little virtue in a Parliament which has become a veritable pandemonium, and continue to govern the country to a large extent on the old lines. The problem is now, as it was in the days of the revolution, how to unite the north and south in a common policy for the general good. The Shanghai leaders, realising, perhaps, their own weakness, seem willing to meet Yuan Shih-kai half-way.

Moderate men like Li Yuan Hung issue passionate appeals to both parties to lay aside their differences, but their influence has no perceptible effect upon the Assembly.

I have, &c.

J. N. JORDAN.

No. 29.

Mr. Alston to Sir Edward Grey.—(Received June 23.)

Sir,

Peking, June 7, 1913.

WITH reference to Sir John Jordan's despatch of the 27th March last, I have the honour to forward to you herewith copies of further correspondence with the Wai-chiao Pu, concerning the regulations for the election to the National Assembly of deputies to represent Chinese resident abroad.

I have, &c.

B. ALSTON.

Enclosure 1 in No. 29.

Memorandum communicated to Sir J. Jordan by Wai-chiao Pu.

THE Wai-chiao Pu has the honour to acknowledge receipt of Sir John Jordan's letter of the 27th March to the effect that he had been instructed by His Majesty's Principal Secretary of State for Foreign Affairs to inform the Chinese Government that

His Majesty's Government entertained strong objections to the policy of the regulations issued for the election of representatives to the National Assembly by Chinese resident in British colonies.

The Ministry forwarded the above communication to the bureau for the organisation of Parliament, and has now received the following reply from the latter :—

“The reason for the election (of representatives) of Chinese resident abroad is to be found in the repeated demands, owing to their affection for the mother country, of citizens of the Chinese Republic who have settled in various parts of the world for this right, for which they applied to the Government and the (provincial) Assemblies. Hence the National Council decided upon the method of election by them of senators. Each Chamber of Commerce of Chinese settlers abroad was permitted to elect one elector, these representatives to form the ‘Chinese Settlers’ Election Association.’ As the latter was to be formed at the seat of the Government of the Republic, its formation by its members was a matter concerning the internal government of China, and did not conflict with the sovereign rights of the countries in which its members were settled. As for the word ‘election,’ it was merely the universal custom of public nomination which was employed. Article 22 of the Detailed Rules for the Election of Senators shows clearly the intention of the method adopted. The public nomination by the settlers was similar to the custom of public nomination of suitable officers as chairmen of associations, guilds, bureaux, and societies which has existed for many years. Until the arrival of the nominees at Peking and the formation of the association, their status was simply that of the customary representatives of Chinese settlers; they could not be considered either as members of the association or as electors.

“To sum up, inasmuch as the election by Chinese settlers took place at the seat of Government of the Republic, it does not affect the sovereign rights of the countries in which they were settled. As for the members of the Chinese Settlers’ Election Association, they were nominated according to the custom previously existing in the case of chairmen of associations, &c., and the formal method of election was not employed. Thus a difference existed (between the method employed) and that in use in China for the election of administrative officials, and for this reason it is still more clear that the method employed did not injure the sovereign rights of the countries in which the Chinese settlers lived.”

It appears to the Wai-chiao Pu from the above that it is clearly explained that the election (of representatives) of Chinese settlers abroad does not prejudice Great Britain's right of governing her dependencies. The Ministry trusts Sir J. Jordan will communicate the contents of the above to His Majesty's Principal Secretary of State for Foreign Affairs for his information.

(Seal of the Minister for Foreign Affairs.)

Peking, May 16, 1913.

Enclosure 2 in No. 29.

Memorandum communicated to Wai-chiao Pu by Sir J. Jordan.

HIS Majesty's Minister has the honour to acknowledge the receipt of the Wai-chiao Pu's memorandum of the 16th May with reference to the election of members of the National Assembly representing Chinese resident in British colonies.

It appears from this memorandum that the Chinese Government is under the impression that the British Government's objection is merely to the method by which the election of these representatives was effected. His Majesty's Minister would assure the Wai-chiao Pu that such is not the case; His Majesty's Government has a fundamental objection to the whole principle of representation of Chinese subject to British law in the Parliament of a foreign country, and the method of election is a detail which in no wise affects this opinion. Whether by the present method of election or by any other, it is impossible to avoid a state of affairs in which the Chinese Government exercises interference in regions which are under the British Crown. Chinese citizens in British colonies, like the subjects of other nationalities, are amenable while they stay there to British law, and cannot be allowed to import into the country of their domicile the political controversies and domestic rivalries of their country of origin.

His Majesty's Minister is communicating the Wai-chiao Pu's memorandum to His

Majesty's Government, but he deems it necessary to correct without delay the misapprehension which underlies the reply of the bureau for the organisation of Parliament.

Peking, May 28, 1913.

No. 30.

Mr. Alston to Sir Edward Grey.—(Received June 28.)

Sir,

Peking, June 12, 1913.

I HAVE the honour to report that the President issued an order on the 9th instant dismissing the Tutu of Kiangsi.

The province of Kiangsi has defied the Central Government for many months past, refusing to accept officials appointed from Peking or to remit any revenue to the capital, and generally posing as the champion of provincial autonomy in its most extreme form. At the same time the Tutu of the province has figured as the most militant of the supporters of the southern party, headed by Sun Yat Sen and Huang Hsing.

Until assured of funds Yuan remained passive and carried the policy of patience to the extreme limit, for no one knows better than he the disastrous effect of an unfulfilled threat on the Chinese mind. As soon as the success of the reorganisation loan rendered the northern army mobile he issued warning orders to the recalcitrant provinces, at the same time moving troops to Hankow and the Yang-tsze to back the orders if necessary.

Kiangsi at first attempted to retaliate, and the Tutu moved his troops to positions facing those occupied by the northern forces, but the neighbouring provinces of Anhui and Hunan showed little or no disposition to join him in fighting for Nationalist principles, and the President felt the time had come to launch the order for his dismissal.

It is too early yet to judge of the amount of opposition which this decisive action will call forth, though it is reported that the Kiangsi troops have already withdrawn from the Hupeh frontier to Kiukiang. Angry protests and minor conflicts may be expected, but it is not probable that one province will attempt the unequal task of resisting the strong northern force which is prepared to make the Central Government's mandate effective.

The President for his part is not likely to push matters to extremes once the offending Tutu is removed; in fact, the signs of compromise are discernible in the new appointments to provincial posts which accompany the order of dismissal, most of the nominees being members of the Nationalist party and subordinates of the ex-Tutu, while for the time being the Tutuship is entrusted to Li Yuan-hung at Wuchang.

The gauntlet has been thrown down, and by the measure of success which attends the coercion of Kiangsi may be gauged Yuan Shih-kai's chances of gaining control over the southern provinces generally.

I am keeping in touch with Vice-Admiral Jerram and have asked him to arrange for a gunboat to be stationed at Kiukiang for the present, but His Majesty's consul reports that all is quiet there and that no danger is apprehended to the British community resident at that port and at the neighbouring summer resort of Kuling.

I have, &c.

B. ALSTON.

No. 31.

Mr. Alston to Sir Edward Grey.—(Received June 30.)

(Telegraphic.)

Peking, June 30, 1913.

CHINESE Government desire to pay off arrears of indemnity up to 31st December, 1912, in sterling in London on 3rd July out of the proceeds of the Reorganisation Loan, and request to be informed of the sum due, so that they may instruct banks accordingly.

If you agree to this course please telegraph total amount payable in sterling, including interest, to 3rd July.

No. 32.

Sir Edward Grey to Mr. Alston

(Telegraphic.)

Foreign Office, July 3, 1913.

YOUR telegram of 30th June.

Amount of balance up to 31st December last, with interest on arrears up to 3rd July, is 229,333*l.* 8*s.* 5*d.*

No. 33.

Mr. Alston to Sir Edward Grey.—(Received July 15.)

(Telegraphic.)

Peking, July 15, 1913.

MY despatch of the 12th June.

As the Kiangsi troops showed signs of disaffection, northern troops were moved into the province to overawe them, with the result that a collision occurred not far from Kiukiang and Kuling, the neighbouring foreign summer resort. His Majesty's consul at Kiukiang reports that there is no reason to consider foreign lives and property in danger, and that several foreign gunboats are in port.

No. 34.

Mr. Alston to Sir Edward Grey.—(Received July 16.)

(Telegraphic.)

Peking, July 16, 1913.

FIGHTING appears to be outcome of insurrectionary movement which has been smouldering in the Yang-tsze for some time. The Tutu of Anhui, recently made to resign by Yuan Shih-kai, has been invited to return by Anhui troops, who decline to serve under the new Tutu. The Kiang-si Tutu, who had also been dismissed, is leading revolt.

Other provinces are reported to be about to join movement.

No actual fighting appears to have occurred since 13th July.

No. 35.

Mr. Alston to Sir Edward Grey.—(Received July 17.)

(Telegraphic.)

Peking, July 17, 1913.

THERE are signs that the insurrectionary movement is spreading. The Nanking Tutu has been made prisoner by local forces, and has made a formal notification of the independence of Kiangsu to the consuls at Shanghai.

I am informed that the President still considers it essential for the solvency and integrity of China that power should be centralised. His Excellency is confident that the reduction of Kiangsi to submission will be effected shortly.

No. 36.

Mr. Alston to Sir Edward Grey.—(Received July 18.)

(Telegraphic.)

Peking, July 18, 1913.

LATEST reports from His Majesty's consuls in Yang-tsze Valley are that movement is a military one, led by the notorious Huang Hsing and recently dismissed Tutus of Canton, Anhui, and Kiangsi provinces.

So far no other provinces than those of Kiangsu and Kiangsi have formally joined revolt. Avowed object is to crush Yuan Shih-kai. Northern troops holding their own so far. Admiral proceeding to Shanghai.

No. 37.

Mr. Alston to Sir Edward Grey.—(Received July 19.)

Sir,

Peking, July 4, 1913.

WITH reference to Sir John Jordan's despatch of the 7th March last, I have the honour to report that the International Bankers' Commission at Shanghai have forwarded to the dean of the Diplomatic Body their report for the period from the 1st February to the 31st March, 1913, showing the appropriation of revenue received by the maritime customs during that period.

The net revenue collected from the 1st February to the 31st March amounted to 6,287,877·52 taels, or an average per month of 3,143,938·76 taels, against a monthly average of 3,311,764·36 taels for the previous quarter.

Payment of loan instalments of principal and interest amounted to 2,261,802·24 taels; all instalments due up to the 31st March having been paid off.

The indemnity instalments up to the 30th April, 1912, have been remitted by all the banks.

I have, &c.

B. ALSTON.

No. 38.

Mr. Alston to Sir Edward Grey.—(Received July 19.)

Sir,

Peking, July 4, 1913.

I HAVE the honour to report that the "Peking Daily News" has published a summary of the Budget for the first six months of 1913, which has been before the Chinese Parliament. Though the figures given are merely estimates compiled for the consumption of the House of Representatives, they may be taken to reflect more or less the present state of China's finances. The deficit shown for the present half-year is 117,486,572 dollars or nearly 12,000,000*l.* The receipts, which only amount to 51,336,880 dollars (over 5,000,000*l.*), do not of course take into account payments received from the Reorganisation Loan, which should reduce the item of 79,199,844 dollars (8,000,000*l.*) for national debts by more than half. On the other hand, as far as administrative expenditure is concerned, the 5,500,000*l.* allotted by the quintuple group for this purpose is to cover the expenses for the six months from April to September inclusive, and, therefore, two-thirds of this cannot be apportioned to the relief of the anticipated deficit for the first half of this year, while an extra interest charge of 1,250,000*l.* per annum will have to be found on account of this loan.

The financial situation thus revealed is therefore a serious one, especially when it is remembered that the present budget only includes the actual expenditure of the Central Government, and that the provincial Governments are all living far beyond their means. Thus the total expenditure of the Ministry of War which is put at 22,836,758 dollars (or 3,000,000*l.*), only provides payment for the troops, about 70,000, which are under their present control. The remainder, about four times that number, are living on the provinces in which they are quartered, and being paid out of salt and land revenues which should by rights be forwarded to Peking. After repeated urgent telegraphic requests to the various provinces the Government appears to have extracted from them reluctant promises that a total sum of 18,501,846 dollars (1,900,000*l.*) should be remitted between January and June. The sources of these contributions are not mentioned, but the largest amount promised by any province is 5,370,531 dollars (over 500,000*l.*) from Kiangsu—a province which is supposed to produce more than three times this sum a year in salt revenue alone. The annual contributions promised under the loan agreement, pending the reorganisation of the salt gabelle were as follows:—

Chihli.—1,600,000 taels (240,000*l.*) secured on the land tax, the tax on title deeds, and the taxes on spirits and tobacco.

Honan.—2,400,000 taels (360,000*l.*) secured on the land tax, grain tribute, and tax on title-deeds.

Shantung.—2,400,000 taels (360,000*l.*) secured on the land tax, grain tribute, Lien-ch'ing native customs revenues, tax on tobacco and spirits.

Kiangsu.—3,600,000 taels (540,000*l.*) secured on the land tax, grain tribute, and *li-kin*.

The above four provinces have contributed their full quota, but it is hardly to be expected that they will desire to continue indefinitely to shoulder the burden of the whole country. Kuangtung, especially, having been foremost in advocating the establishment of a republic, not only contributes nothing towards the common funds, but is ceaselessly pressing Peking for money to redeem its depreciated paper issues, for payment of troops and for administrative expenses.

There is of course the political reason for this. By remitting money to Peking, the southern provinces would merely strengthen the ascendancy of the north to which they are implacably opposed; while for Peking to have remitted money to the now dismissed Tutus of Kiangsi, Anhui, and Kuangtung, would have been to provide them with the sinews of war against the Central Government.

Only three salt districts are mentioned in the budget, and they were estimated to produce the following sums during the first half of the year:—

						dollars.
Changlu salt district ..	..	..	..	..	..	1,572,542
Shantung ..	..	..	..	..	..	180,000
Fengtien ..	..	..	..	..	..	115,000

making a total of 1,867,542 dollars (200,000L.). It will doubtless be a long time before the Central Government are able effectively to contest the right claimed and exercised by the southern provinces of retaining the salt revenues collected by them for purposes of local expenditure.

The estimated receipts of the Peking octroi are given as 453,380 dollars. The postal service is expected to yield 40,620 dollars. The railway department budgets for a deficit of 8,830,000 dollars (900,000L.), while 1,000,000 dollars has been allotted to the Panamá Exhibition.

The receipts for the customs are estimated at 29,706,701 dollars (3,000,000L.) for the six months.

As the figures for the actual expenditure and revenue for the same period of last year were not available, it is impossible to make any comparison or to test the probable accuracy of the sums mentioned above. That the Government realises the necessity for economy is shown by the issue of numerous presidential orders enjoining the strictest retrenchment in all departments and by their genuine anxiety to obtain control over the financial transactions of the provinces. The present Reorganisation Loan will at most allow the nation a breathing space, and unless the reorganisation of the salt gabelle can be effectively carried out, China will be left without any tangible security to offer for future national loans.

I have, &c.

B. ALSTON.

No. 39.

Mr. Alston to Sir Edward Grey.—(Received July 20.)

(Telegraphic.)

Peking, July 20, 1913.

FUKIEN made a declaration of independence to-day, and Kuang-tung on the 18th July.

His Majesty's consul-general at Canton reports that the Kuomintang prompted the action of Kuang-tung, and that all the local authorities of the province belong to this body.

It is reported that Shanghai Arsenal has been evacuated by the northern troops recently sent to garrison it, an arrangement having been come to with the southerners. Wusung fort is also held by the latter.

The northern troops have been successful both on the Kiangsu-Shantung border and in neighbourhood of Kiukiang. Hostilities are at present confined to these districts. It is doubtful whether the Chinese fleet will remain loyal.

No. 40.

Mr. Alston to Sir Edward Grey.—(Received July 21.)

(Telegraphic.)

Peking, July 21, 1913.

I SENT the military attaché to Hankow on his way to Kiangsi, where hostilities are in progress. He reports as follows:—

"General Li-yuan-hung has informed me that Hanyang and Wuchang are securely held by northern troops on whom he can rely. There is no reason to apprehend danger to foreigners or troubles similar to those which occurred during the revolution.

"The northern troops are a match for the Hunanese troops, who are, however, concentrated and will probably fight. The Hukow forts at Kiukiang are being attacked by the northern troops. Chang-hsun has won a victory at Hsu-chow and is advancing south. If the northern troops are successful at Kiukiang they will march to Nanking to co-operate with Chang.

"General Li-yuan-hung appears to think that the northern arms will soon be entirely successful."

No. 41.

Mr. Alston to Sir Edward Grey.—(Received July 21.)

(Telegraphic.)

Peking, July 21, 1913.

SHANGHAI arsenal to-day still in northern hands, and orders have been issued for the immediate payment of the fleet.

No. 42.

Mr. Addis to Foreign Office.—(Received July 22.)

*Hong Kong and Shanghai Banking Corporation,
31, Lombard Street, London, July 22, 1913.*

Sir,

I HAVE the honour to enclose copy of a telegram which we have received to-day from the Peking representatives, authorising the groups to pay to the various Powers the indemnity arrears up to the 31st December, 1912.

I shall be glad to receive your instructions with regard to the payment of the British portion.

I have, &c.

C. S. ADDIS.

Enclosure in No. 42.

Copy of Telegram from Peking, July 21, 1913.

FOLLOWING for the five groups:—

"You are authorised by Finance Minister to pay indemnity arrears due to various Powers up to 31st December, 1912, with accrued interest at 4 per cent. per annum to date of payment, on the understanding that claims for any differences will be adjusted with respective Governments as soon as completed statements have been presented by them to Chinese Government and found correct."

Amounts due on 31st December, 1912, as per statements handed to us by Finance Minister, are—

						£	s.	d.
Great Britain	..	..	..	..	..	224,835	0	5
Portugal	..	..	..	..	..	409	14	9
Sweden	..	..	..	..	..	279	0	10
Russia	..	..	..	..	..	576,210	12	7
International claims	..	..	..	..	..	664	15	11
Japan	..	..	..	..	..	148,473	15	9
						Fr.	c.	
France	..	..	..	..	..	7,870,466		98
Spain	..	..	..	..	..	15,025		64
Belgium	..	..	..	..	..	942,152		67
Italy	..	..	..	..	..	2,955,475		50
Holland	..	..	..	..	..	41,617·94		guilders.
Germany	..	..	..	..	..	8,147,984·09		marks.
Austria	..	..	..	..	..	426,226·65		kronen.
America	..	..	..	..	..	723,730·06		gold dollars.

No. 43.

Mr. Alston to Sir Edward Grey.—(Received July 24.)

(Telegraphic.)

Peking, July 24, 1913.

ATTACK on Shanghai arsenal by rebel troops has been in progress for last two days, but has been repulsed by garrison of Government troops aided by fleet in river. Considerable damage is reported to have been done to foreign property in line of fire.

No decisive action has been fought either on Kiangsu border or in Kiangsi, but, so far, advantage lies with Government troops, and President informed me on the 21st that he had no doubts as to the ultimate result.

No. 44.

Mr. Alston to Sir Edward Grey.—(Received July 29.)

(Telegraphic.)

Peking, July 29, 1913.

SITUATION in Kiangsi.

The military attaché, who is proceeding to Nanking to-day, reports that part of the 2nd division is temporarily held back in Hupei, but that the scheme outlined in his previous telegram (see my telegram of the 21st July) is being carried out. The Hukow forts were captured on the 25th July with very slight loss to the army and none to the navy. The rebels retreated south much demoralised. Their losses are unknown. On the 26th July Takutang was captured. The northern troops are advancing on Nanchang, via the Poyang Lake and Nankang-fu. They are co-operating with the troops coming down the railway to attack the rebels near Tehan, the terminus. The rebels have their best troops in this area, but the northern troops are superior and are certain to win. He hears that there are only 500 troops at Nanchang, and that the arrival of the northern troops will be welcome to the inhabitants.

No. 45.

Mr. Alston to Sir Edward Grey.—(Received July 30.)

(Telegraphic.)

Peking, July 30, 1913.

LATEST reports tend to show that the opposition of the Southern forces is persisting. Southern army on Kiangsu border is in retreat towards Pukow, and a portion is stated to have joined Northerners. Shanghai arsenal continues to repulse rebel attacks and should shortly be relieved by Northern reinforcements which arrived yesterday. Latter are expected to attack Woosung forts. During the fighting round the arsenal, property in the Settlement was damaged by shell-fire, and complete chaos prevailed in native city. Both Settlement and Chapei are now under control of the municipal volunteers and of naval forces landed from international fleet.

Hunan has declared for the South, but has not yet actively intervened in the struggle. Central Government continue confident that they can deal with the situation.

No. 46.

Mr. Alston to Sir Edward Grey.—(Received July 31.)

Sir,

Peking, July 16, 1913.

WITH reference to my despatch of the 4th instant, I have the honour to enclose herewith a statement showing the revised estimates of the Chinese budget for the first six months of 1913, based on the actual figures submitted to the audit bureau.

From the amounts placed to the credit of the various Ministries between January and June, it will be seen that an economy, on paper, has been effected of upwards of 30,000,000 dollars, or 3,000,000%. The largest reductions made by the Cabinet were in the Ministries of Industry and Commerce and of the Navy.

With regard to the revenues it is pointed out, perhaps rather optimistically, that

the amount of the receipts for the first half of the present year are likely to be the minimum which is collected by the Central Government; and that China's financial salvation depends upon the ability of the Central Government to enforce the collection and remittance to the national treasury of those taxes which have always been regarded as national, as distinct from provincial, revenue. It is this centralising policy of the Chinese Government which is being put to the test at the present moment.

I have, &c.

B. ALSTON.

Enclosure in No. 46.

Newspaper Extract.

THE BUDGET AND ECONOMY.

WE have received from the Audit Bureau a letter which throws further light upon the summary of the budget for the first half of the current year, which was published a fortnight ago. The figures therein given were the amounts which appeared in the printed volume submitted to the Lower House, but it is explained that this volume was compiled at the end of 1912, and included provision for various reorganisation work which it was the intention of the Government to pay for from the large loan. Early in March, as the Reorganisation Loan was not concluded, and the prospects of its being arranged were indefinite, the estimates of expenditure contained in the budget were reconsidered, and considerably reduced by, the Cabinet. It was not then possible to submit them to the National Assembly, as it had not been organised. The following table shows the estimated expenditure in the original budget, the sums reduced by the Cabinet, the estimates authorised by the Cabinet, and the monthly estimates from the Ministries received by the Audit Bureau :—

Ministry.	Original Estimates.	Reductions made by the Cabinet.	Estimates authorised by the Cabinet.	Estimates received by the Audit Bureau.	Difference between Estimates reported to the Audit Bureau and those authorised by the Cabinet.	
					Increase.	Decrease.
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
Wai-chiao Pu	2,033,143·00	....	2,033,143·00	2,081,075·103	47,932·103	....
Interior	2,135,701·00	....	2,135,701·00	2,151,168·325	15,467·325	....
Finance	90,630,104·00	67,353·200	90,562,750·10	8,563,562·460	....	81,999,188·400*
Education	6,287,651·00	2,304,842·000	3,982,809·00	2,413,652·832	....	1,569,156·168
War	22,836,758·00	3,366,287·405	19,470,470·59	20,607,535·425	1,137,064·830	....
Navy	9,954,204·00	7,403,290·000	2,550,914·00	1,986,482·498	....	564,431·502
Justice	1,102,035·00	426,001·000	676,034·00	971,724·000	295,690·000	....
Agriculture and Forestry	2,914,553·00	2,147,736·000	766,817·00	444,086·544	....	322,730·015
Industry and Commerce	13,018,724·50	11,550,931·000	1,467,793·50	4,549,630·866	3,081,837·366†	....
Communications	17,499,647·00	4,276,076·000	13,223,571·00	711,727·985	....	12,511,343·015‡
Total	168,412,520·50	31,542,516·605	136,870,003·89	44,480,646·038	4,577,991·624	96,967,349·481

* This sum represents what the Government has to pay during the first six months of 1913 on foreign loans (76,759,842 dollars) and on domestic loans (2,440,608·81 dollars).

† This sum, intended principally for the erection of iron-works, was refused.

‡ The figures submitted to the Bureau of Audit provide only for actual expenses of the Ministry.

From the above table it will be seen that the Cabinet reduced the estimated expenditure from 168,412,520 dollars to 136,870,003 dollars, a difference of 31,542,516 dollars. The monthly estimates of expenditure received by the Audit Bureau from the various Ministries only amount to 44,480,646 dollars, but this is due to the fact that 81,999,188 dollars due during the first half-year upon foreign and domestic loans, and 12,511,843 dollars for railway and other expenses of the Ministry of Communications, did not figure in these estimates. If these sums be added to the 44,480,646 dollars, the total will be approximately the amount sanctioned by the Cabinet.

The exact expenditure of each Ministry cannot be known until all accounts for the first half of the year have been received and checked by the Audit Bureau, but the

following amounts have been placed at the credit of the various Ministries between January and June :—

							Dollars.
Ministry of Foreign Affairs	..	..	..	..	..	..	2,050,000
„ Interior	..	..	..	..	..	..	2,150,000
„ Finance	..	..	..	..	..	..	89,000,000
„ Education	..	..	..	..	..	..	3,500,000
„ War	..	..	..	..	..	..	20,000,000
„ Navy	..	..	..	..	..	..	2,200,000
„ Justice	..	..	..	..	..	..	800,000
„ Agriculture and Forestry	..	..	..	..	..	..	600,000
„ Industry and Commerce	..	..	..	..	..	..	1,500,000
„ Communications	..	..	..	..	..	..	13,000,000
Total	..	..	..	..	..	..	134,800,000

So that, compared with the figure of 168,412,520 dollars—the estimated expenditure submitted to the National Assembly—economies amounting to upwards of 30,000,000 dollars have been effected, and the expenditure actually sanctioned by the Cabinet has not been exceeded.

With regard to the actual receipts of the Central Government, no returns are yet available. It will be remembered that the Budget estimated the total revenue during the half-year at 51,336,880 dollars only. However, we may say that the amount of receipts for the first half of the second year of the Republic is the minimum that will be collected by the Chinese Government. The reasons are obvious. The administration, completely disorganised by the revolution, has not yet been restored to its normal condition, and the Government has not received the regular remittances from the provinces upon which it could formerly rely. The condition of provincial finances is now being subjected to rigorous examination, and we can only repeat the opinion that has been so emphatically expressed recently, that China's financial salvation depends upon the ability of the Government to enforce the collection and remittance to the National Treasury of those taxes which have always been regarded as national, as distinguished from provincial, revenue.

No. 47.

Mr. Alston to Sir Edward Grey.—(Received August 3.)

(Telegraphic.)

Peking, August 3, 1913.

SOUTHERN rebellion in China : General situation.

Central Government continue generally successful in Yang-tsze Valley. Rebel forces based at Nanking are retreating down Tien-tsin-Pukow line, and two divisions will probably desert to northerners. Northern forces in Kiangsi are driving the rebels towards Nanchang, and latter are not expected to offer serious resistance. Kuling is no longer within area of operations. Rebel attacks on Shanghai arsenal have been discontinued during the last four days. Woosung forts remain in the hands of the south, but their capture is expected shortly. Position in Hunan and part of Hupei doubtful, but the President is confident that he will completely control Yang-tsze Valley within a month.

The troops in Kuangsi province are still loyal; they have advanced down the West River and are in touch with the rebel forces at a point 40 miles above Canton.

No. 48.

Mr. Alston to Sir Edward Grey.—(Received August 5.)

Sir,

Peking, July 21, 1913.

THE struggle between President Yuan Shih-kai on the one side and the Huang Hsing faction on the other has now materialised in an open rebellion in the Yang-tsze Valley.

In the first week of July the dismissed Governor of Kiangsi, Li Lieh-chun returned to Hukou, took over the forts which command the entrance to the Poyang Lake, and raised the standard of revolt. Vice-President Li Yuan Hung, the Governor of Hupei, who had been entrusted since Li Tutu's dismissal with the additional duties of the Governor of Kiangsi, ordered the 5,000 northern troops who had during the

previous weeks been concentrated on the Hupei-Kiangsi border to advance on the Hukou position. The advance of the northerners was opposed by such of the Kiangsi troops as had thrown in their lot with Li Lieh-chun, and an engagement took place at Te An, between Kiukiang and Hukou. The fighting, which lasted from the 12th to the 13th July, would appear to have been of an indecisive nature. Since the above date, the strength of the rebels in Kiangsi has been considerably augmented by the defection from the northern cause of Ou-yang Wu, the military official who had been appointed Protector of Kiangsi on Li Tutu's dismissal. On the 18th July he resigned this post under the Central Government, and declared himself Governor of Kiangsi, to which position he had, he said, been elected by the provincial assembly of that province. The secession of Kiangsi thereby became a *fait accompli*, and it would appear probable that the entire provincial military forces have ranged themselves in the rebel camp.

According to information received last night, and communicated to you in my telegram of the 21st July, Vice-President Li is hurrying troops down the river to reinforce the 5,000 men mentioned above, and is confident that this combined force will find little difficulty in reducing the Hukou position.

While ex-Tutu Li thus opened the rebel campaign at Hukou, Huang Hsing had proceeded to Nanking. The Kiangsu troops in that place went over to him in a body. The Governor, Cheng Te-chuan, who expressed himself as out of sympathy with the rebellion, was placed under restraint, and a proclamation was issued on the 14th July under his name and seal, declaring Nanking's independence of the Central Government. The Kiangsu troops at Hsuehoufu, situated on the Tien-tsin-Pukow line near the Shantung border, also declared for the Nanking Government, while the soldiers at Chinkiang and Yangchou remained for the moment undecided.

On the 15th the Nanking troops, 7,000 strong, moved north by train to attack the 2,000 loyal troops stationed at Hanchuang on the Shantung frontier. The two forces met at Li-kuo-I, where an engagement was fought on the 16th July. The southern army was said to have been driven back with considerable loss. At this engagement General Chang Huen, of revolution fame, who is stationed at Yenchoufu with an army of 10,000 men, declared his hand by despatching 2,000 of his troops to assist the northerners. Since the 16th July no further fighting has apparently taken place, both sides being engaged in sending reinforcements to the scene of operations.

On the 18th July the troops at Yenchoufu and at Chinkiang definitely threw in their lot with the rebels. On the 19th, 1,200 troops with six machine guns left the latter place and entrained for Shanghai, which is about to become the third field of the operations of the rebel forces. Their objective would appear to be the arsenal, which is held by Admiral Cheng and some 1,300 northern troops. There are in addition several Chinese men-of-war moored in the vicinity. Steps having now been taken to secure the issue to the crews of pay now in arrears, there is reason to believe that these ships will take part in the defence of the arsenal. The Wusung forts have hoisted the rebel flag.

While I am without information of any actual military operations in parts of China other than the above, His Majesty's consular officers report the issue of declarations of independence in the provinces of Kuangtung, Fukien, and Chekiang. The two latter provinces have up to the present shown no signs of wishing to take the field in support of the rebel cause. It is, however, rumoured to-day that Kuangtung is sending troops north to assist in the attack on the Central Government.

There is no indication whatever that the revolt in the south has any anti-foreign tendencies, nor has any information reached me so far of any attempt on British life or property.

I have the honour to enclose herewith translation of a memorandum which has been addressed by the Wai-chiao Pu to all the foreign Ministers in explanation of the attitude adopted by the Central Government towards the present crisis.

I have, &c.

B. ALSTON.

Enclosure in No. 48.

Memorandum communicated to Mr. Alston by the Wai-chiao Pu.

FROM the establishment of the Republic the Provisional Government has for a year past devoted itself unceasingly to the restoration of order and the promotion of union, on which depend the peace and existence of the State. Foreign Governments have continued the transaction of international business with this Government without

interruption, and commercial and financial business has steadily increased. Although sincerely desirous to discharge punctually obligations in respect of foreign indemnities and loans until order has been completely restored throughout the whole country, financial expansion is impossible, and a return to normal conditions cannot be secured.

The Government has gone deeply into this matter, and has accordingly spared no effort to promote progress in the direction indicated, but the conviction has been reached that as long as order is lacking union is impeded, and the disbandment of unnecessary troops, the unification of the currency, and the arrangement of the finances can none of them be proceeded with.

This state of affairs cannot but have an adverse effect on foreign trade, so that both the law-abiding Chinese and the friendly Powers have alike cause for complaint.

Recently there has been a divergence of view amongst the officials in the south, where, though patriots are not lacking, there are also those who use force for their own ends and rejoice in the ills of others. In the case of these latter, the Government cannot but consider means of removing them in order that the localities in question may obtain good officials and that the State may be benefited.

Unfortunately rebels have made a pretext of these measures for creating disturbance, and have resorted to arms, treating as enemies the forces of the officiating Tutu stationed in their own province, and regarding as an alien power a Government acknowledged by the whole country; they have led troops to oppose the loyal and destroy the Republic, thus exposing once again to dire hardships the populace only just recovered from the terrors of war, and they have incurred the hatred of the merchant classes whose business has been thrown into confusion.

The Government has despatched troops to the south, and these isolated disturbances should not prove difficult of suppression; at the same time cherishing humane desires and aiming at a friendly solution, it is anxious to spare the localities the ravages of war, if only this internal disorder may soon be put down and trade be restored.

The members of the National Assembly and the Chambers of Commerce of the various provinces have demanded that the rebellion be immediately suppressed, and the Government, in face of this popular mandate, cannot but proceed to take all necessary steps to this end.

The above represents the attitude which the Government has, to its regret, been forced to adopt towards this internal disturbance, and as the Powers, in view of the increasingly friendly relations, will doubtless be concerned at these events, the Wai-chiao Pu has the honour to communicate this exposition of the actual circumstances.

(Seal of the Minister for Foreign Affairs.)

July 20, 1913.

No. 49.

Mr. Alston to Sir Edward Grey.—(Received August 9.)

Sir,

Peking, July 25, 1913.

I HAVE the honour to transmit herewith a copy of a report which has been addressed to me by the military attaché at His Majesty's Legation respecting the military situation on the Yang-tsze.

I have, &c.

B. ALSTON.

Enclosure in No. 49.

Report by Major Robertson on the Military Situation on the Yang-tsze.

Hankow, July 21, 1913.

SIR WILLIAM WILKINSON, His Majesty's consul-general, Hankow, very kindly arranged for my visiting General Li Yuan Hung at Wuchang, and accompanied me there yesterday. As the present unsettled conditions on the Yang-tsze resemble the revolutionary disturbances of 1911, which necessitated the employment of foreign troops at Hankow, it was important to obtain some data on which to base an opinion on military grounds as to whether such conditions were likely to be repeated. The object of my visit to General Li was therefore to obtain information as to whether disturbances

were likely to arise among the Hupei soldiers in the neighbourhood of Wuchang, Hankow, and Hanyang; whether the Northern soldiers now in this district were in a position to suppress any such disturbances; whether danger was to be apprehended from Hunan; and, if so, whether the forces at General Li's disposal were capable of dealing with an invasion of the province by Hunanese troops. Connected with these questions was the prospect of an early success by the Northern troops over the Chiang-hsi forces, which might enable these troops to deal with disturbances in Hupei, or to assist in quelling rebellion at Nanking.

General Li was extremely frank on all these points. He stated that Wuchang, Hankow, and Hanyang, were not in danger from disturbances among the Hupei troops, as these had been distributed in different parts of Hupei, only a few being left at Hanyang, &c. The three Wuhan cities are securely held by reliable troops who are strong enough to deal with any local disturbances. These troops are distributed as follows :—

The following units of the IIIrd Northern Division which had just arrived from Peking :—

In Wuchang :—

12th Infantry Regiment, 1 squadron 3rd Cavalry Regiment, 1 battalion 3rd Artillery Regiment, the 1st Regiment Infantry of the "Kiangnan Division quartered in Hupei."

In Hanyang.—

The 3rd Regiment Infantry of the "Kiangnan Division quartered in Hupei," a regiment of Hupei troops.

At Hankow.—

(Kilometre 10.) A depôt for forwarding troops to Chiang-hsi, usually containing Northern troops on their way thither. From my own observation this depôt should be able to contain about 2,000 troops. In addition to these troops, the 2nd Manchurian Mixed Brigade was stated by General Li to be guarding the Peking-Hankow line.

The "Kiangnan Division quartered in Hupei" was stated by General Li to be quite reliable. The division consists of three infantry regiments only, one of which consists mostly of Kuang-hsi men, another was raised in Chiang-su during the revolution from Shantung men who formed part of the old Chiang-su provincial troops, and the remaining one contains men from Anhui and other Northern provinces, with some Yünnanese. The Division is under General Li Tien Tsai, a Yünnanese who formerly held a military command in Kuang-hsi. During the revolution he was put in command of these mixed forces, who received the name of "Kiangnan Division quartered in Hupei."

With regard to the question of Hunan, General Li stated that trouble might be expected from this quarter, but that the Northern troops would without any doubt be able to deal with any Hunanese troops which might enter Hupei. He had a poor opinion of the Hunanese troops after his experience of their conduct in evacuating Hanyang during the revolution.

I have not, so far, been able to visit Hunan, and, therefore, cannot offer an opinion at first hand as to the value of the Hunanese troops. They have, however, always been reported on by previous military attachés as good troops, and have had a good reputation generally as fighters. A large percentage of the military forces of the provinces south of the Yang-tsze are recruited from Hunan, and those individual Hunanese soldiers whom I have seen at various times certainly appeared to be good fighting material. During the revolution the Hunanese supplied large numbers of recruits for the revolutionary forces, and there is at any rate one good formed body in Hunan available, the 31st Regiment of the VIIIth Division of Nanking. This division, which is reported to have rebelled, is the best of all the units of the former revolutionary forces on the Yang-tsze. It is, therefore, a question how far General Li's optimism as to the certainty of crushing, with the troops at present near Wuchang, an attack by Hunanese on Hupei is justified. The blowing up of the Changsha magazine will undoubtedly hamper the Hunanese. General Li referred to this incident, and though he did not say so, it is quite likely it was prearranged. Should, however, the troops near Wuchang be insufficient, the situation elsewhere may admit of further Northern reinforcements being sent to repel the Hunanese, either from the north, or from Chiang-hsi when the Chiang-hsi troops have been defeated.

General Li had every confidence in the ability of the Northerners to defeat the Chiang-hsi troops. He stated that the IIInd and VIth Divisions were now concentrating near Kiukiang for an attack on the Hukow forts, and that there was not the least doubt that this would be successful. The VIth Division (probably about 10,000 strong) are now nearly all concentrated near Kiukiang, and the IIInd Division is now being sent daily in lighters and launches to Kiukiang, so that an attack may shortly be expected. General Li stated that the Northern troops had been successful in the fighting that had hitherto taken place, but only three battalions were, he stated, engaged.

The plan which General Li hopes to carry out is to capture first of all the Hukow forts and then when these, and Kiukiang, have been put in a state of defence against recapture, the Northern troops after leaving a garrison in Chiang-hsi will proceed to Nanking to co-operate with Chang Hsün. The latter, General Li stated, had obtained a victory near Hsü-chou Fu and was advancing on Nanking.

General Li was extremely optimistic as to the early and complete success of the Northern troops against any forces the Southerners could bring against them. He belittled the effect the rebellions of distant provinces such as Szechuan might have, stating that their intervention would be too late to be of any use.

No mention was made of the navy, but unless the navy remains loyal, and until the Yang-tsze forts are secured by Yuan Shih-kai, it is of course obvious that the employment of the IIInd and VIth Divisions to deal with Nanking, and afterwards if necessary, with Hunan would not be practicable. With the navy loyal, and the Yang-tsze forts secured, the possession of interior lines gives the Northerners an immense advantage in dealing with such widely separated forces as those of the various Yang-tsze provinces.

D. S. ROBERTSON, *Military Attaché, Peking.*

No. 50.

Mr. Alston to Sir Edward Grey.—(Received August 9.)

(Telegraphic.)

Peking, August 9, 1913.

THE general situation is unchanged. As far as the Lower Yang-tsze Valley is concerned the power of the rebels has apparently been broken. The northern troops are, however, making very slow progress in Kiangsu and Kiangsi, and the rebels, who are in considerable force near Nanking and Nanchang, have sustained no decisive defeat. They will be paid off out of loan funds on their surrender, which is expected shortly.

At Canton the situation is very obscure. Kuangsi troops are on the West River at Samshui, and are reported to be waiting for ammunition. Fighting has been in progress between the rebel forces in the town, but on the advance of the loyal forces they will probably combine. The concessions are being protected by troops from Hong Kong.

Hupei has been invaded by Hunan troops in the rebel interest. The independence of Eastern Szechuan has been declared by a division at Chungking which has revolted. The forts at Wusung are being attacked by northern troops, and the arsenal at Shanghai has been relieved. The Diplomatic Body are allowing the northern forces to reoccupy Chapei at the request of the Chinese Government.

No. 51.

Mr. Alston to Sir Edward Grey.—(Received August 11.)

Sir,

Peking, July 28, 1913.

IN my despatch of the 21st instant I had the honour to report on the opening of the campaign which is being led by Huang Hsing and the dismissed Tutus of Kiangsi, Anhui, and Kuangtung against the Provisional President.

Since the above date nothing has occurred which would lead me to change my opinion that the movement is primarily due to personal animosity felt by the above individuals for Yuan Shih-kai and to the desire of the Kuo Min Tang party to obtain a share of the higher and more lucrative offices of State from which they have been excluded. Beyond the military forces of Kiangsi and Kiangsu the movement appears to remain unsupported by any serious element of the Chinese population. The masses

remain apathetic, and it is probable that the large majority of workers throughout the country rest in ignorance that an attack on the Central Government is in progress. The provinces of Fukien, Chekiang, and Kuangtung have, it is true, declared their independence. They have, however, refrained up to the present from offering armed assistance to the rebel forces in the field. The past week has, on the other hand, not been without signs that the bulk of the articulate elements in the country are prepared to support—at least by words—the policy of a strong centralised Government. A large number of the high provincial authorities have addressed to the President messages of adherence to the established régime, while chambers of commerce and merchants' guilds throughout the country have not been backward in expressing abhorrence of the attempt to overthrow the Provisional President. Even in Kuangtung the commercial elements, a minority of the officials and a proportion of the army have dared to express themselves in the above sense, and it is not, I venture to think, too much to say that the country as a whole strongly favours return to a settled régime, which it believes to be possible only under the guidance of Yuan Shih-kai.

With regard to the military situation, the trend of events during the past week has been favourable to the Northern forces.

In Kiangsi the rebels have been dislodged from the Hukou forts and have withdrawn towards Nanchang, the provincial capital. Reinforcements, numbering 6,000 men and 12 guns, have been despatched to the Northern army since the beginning of the outbreak.

The adjacent province of Hunan has declared its independence, but is apparently adopting an attitude of neutrality, and has despatched 3,000 troops to Yochow with a view to preventing a possible inroad of Northern troops from Hankow. That Hunan will take an active part on either side appears improbable, owing to the recent destruction by fire of the Changsha arsenal together with the arms and ammunition which it contained.

Reports regarding military events in Kiangsu are conflicting, but I gather that the initial success of the Northern army, reported in my despatch of the 21st July, was followed by a considerable accession of strength to the rebel forces, who were enabled to reoccupy Li Kuo Yi and the adjacent hills. On the 22nd July, however, General Chang, who appears to have been strongly reinforced, again dislodged the rebels, and the following day saw the Northern army in possession of Hsueh-chow-fu, the Southerners retreating to P'eng P'u—the point where the Tien-tsin-Pukow Railway crosses the Huai River. At this point the rebel army remains entrenched, and should shortly be attacked by General Chang's army advancing down the railway and by a further Northern force which is converging on the same point from the west.

While the troops at Chinkiang definitely threw in their lot with the rebels on the 18th July, there is reason to believe that the general in command at Yangchow has reconsidered his position and is now inclined to favour the North. His Majesty's consul at Chinkiang has reported that an attack on that place is threatened by the Yangchow troops, and has expressed apprehension lest the small Southern force remaining there should be driven by the Yangchow troops to take refuge in the British concession. Measures have been concerted with the naval authorities to guard against the entry of refugees into the concession.

The most serious efforts of the rebel forces have been concentrated on an attempt to capture the arsenal at Shanghai defended by Admiral Cheng and some 1,500 Northern troops. A number of Chinese warships have co-operated with the defenders, who have successfully repulsed attacks made on the nights of the 23rd, 24th, 25th, and 26th July. Hunanese and Chekiang troops are said to have lately reinforced the assailants, while two transports containing 3,000 Northern troops and escorted by five men-of-war are due at Shanghai to-day.

Reports which I have received from His Majesty's consul-general point to heavy fighting in this area of operations. Shells fired by the rival forces have fallen both in the international settlement and in the Chinese city, causing some loss of life and considerable damage to property. Owing to nervousness among the European residents of the settlement and to something approaching panic among the Chinese inhabitants of the native city, it was thought necessary to call out the volunteer force on the opening of hostilities against the arsenal. In view of the possibility of a decisive defeat, followed by the dispersal of the Southern troops and an influx of refugees into the settlement, it has been thought desirable to strengthen the civilian force, and parties from the foreign warships anchored in the river have been landed for this purpose. No loss of British lives or damage to British property has been reported to me as having been caused during the various attacks which have been

made on the Shanghai arsenal by the rebel forces. I am happily able to report the same absence of casualties from the other areas in which hostilities have been in progress during the past week. One incident only affecting British property has been brought to my notice. On the 26th instant the British steamer "Kutwo" while proceeding down river was fired on by Chinese troops when opposite Chinkiang. In company with His Majesty's ship "Woodcock" the vessel returned to the scene of the incident, explanations were demanded, and an ample apology offered. No damage was sustained by the "Kutwo," nor any casualties among her crew.

The position of the foreign colony at Kuling has continued to occupy the attention of His Majesty's Legation. Warships of at least four nationalities continue in touch with a signalling party which was sent up to that place at the beginning of last week, and should be amply sufficient to cope with any situation which may arise.

I would add, in conclusion, that the revolutionary movement continues its course without showing any indication of the existence of anti-foreign feeling.

I have, &c.

B. ALSTON.

No. 52.

Mr. Alston to Sir Edward Grey.—(Received August 13.)

(Telegraphic.)

Peking, August 13, 1913.

WOOSUNG forts taken this morning.

No. 53.

Colonial Office to Foreign Office.—(Received August 15.)

Sir,

Downing Street, August 14, 1913.

I AM directed by the Secretary of State for the Colonies to transmit to you a copy of a telegram from the Governor of Hong Kong on the subject of the situation in China.

I am, &c.

JOHN ANDERSON.

Enclosure in No. 53.

Governor Sir F. May to Mr. Harcourt.

(Telegraphic.)

[Received August 8, 1913.]

CANTON situation remains unsettled.

The commandant has resigned the Governor-Generalship, and has been succeeded by another military officer, who is hostile to Yuan Shih-kai and to General Lung. Lung has not advanced.

There have been some collisions between rival factions of troops, and there is some danger of riot. Two hundred Punjabis have been sent to Shameen as reinforcements.

No. 54.

Mr. Alston to Sir Edward Grey.—(Received August 15.)

(Telegraphic.)

Peking, August 15, 1913.

GENERAL situation.

Rebellion may now be considered as virtually collapsing. Considerable northern army is now facing Nanking from the opposite side of the river, few rebels remain in the town, and it is improbable that these will offer serious resistance. Shanghai-Wusung area has been completely cleared of rebel forces. There has been fighting at Chinkiang, but loyal Yangchow division is now in occupation, and southerners have apparently dispersed. Hunan has officially renounced its independence, and no fighting

has apparently taken place either on Hunan-Hupeï border or in the latter province. Independence of Eastern Szechuan, proclaimed by the troops at Chungking, has also been withdrawn.

General Lung has entered Canton with Kuangsi troops, and controls the situation.

No. 55.

Mr. Alston to Sir Edward Grey.—(Received August 18.)

Sir,

Peking, August 3, 1913.

I HAVE the honour to report that papers have recently been laid before the Diplomatic Body by the Wai-chiao Pu in connection with the disturbances in Southern China, and the endeavours of the Chinese Government to safeguard itself against the complicity of foreign subjects with the leaders of the rebel cause.

In reply to a note, dated the 24th July, requesting the expulsion from the international settlement at Shanghai of the rebel leaders Huang Hsing and Chen Chi-mei, in order that the settlement might not be used as a base for disturbances, the Wai-chiao Pu was informed by the Diplomatic Body that the Consular Body had already taken steps to that effect. An identic note was addressed to me, and I issued instructions to the consuls officiating at ports where British concessions have been established, to prevent the proscribed leaders from concealing themselves within the areas under our control.

In response to representations from the Wai-chiao Pu that code telegrams, purporting to be sent by foreign merchants were being utilised by the rebels at Kiukiang for the purpose of fomenting trouble, I instructed His Majesty's consul as a temporary measure to attach his signature and official seal to all telegrams which were despatched in code by British merchants at that port.

On the 25th July martial law was proclaimed at Peking, and the Wai-chiao Pu requested that; (1) violent characters should not be permitted to make use of the legation quarter as a refuge; (2) that letters and telegrams despatched from the legation quarter, other than those of the legations and the banks, should be subjected to official censorship by the Chinese; and (3) that foreign subjects residing outside the quarter should be held responsible for the observance of orders issued under martial law.

At a diplomatic meeting on the 28th July it was decided that clause (1) was actually provided for by the protocol of 1901, no Chinese other than those in the employ of foreigners having the right to reside within the legation quarter; that clause (2) could not be accepted, but that code telegrams from commercial houses should be franked by the official seal of their legations during the period of disturbance; and that no measures could be taken to enforce clause 3 until the nature of the orders in question had been communicated by the Chinese Government.

A question of broader interest was raised by a note from the Wai-chiao Pu of the 25th July, in which the approval of the Diplomatic Body was sought for certain regulations drawn up with a view to the prevention of the complicity of foreigners with the present revolt.

The Chinese Government proposed (1) that the houses and vessels of foreigners should be subject to search, under warrants *viséd* by a consul, should one be in the vicinity; (2) that any war materials which might be discovered should be submitted to the trial of a prize court; (3) that foreigners assisting the rebels in the districts under martial law should be captured and punished, the trial and punishment to be in the hands of the Chinese alone should the capture be effected within the fighting zone.

After careful consideration of the question the Diplomatic Body was unable to accept the representations, which in their opinion jeopardised the rights of foreigners as assured by treaty, and in his reply to the Wai-chiao Pu the dean expressed the view that any case in which a foreigner was accused of complicity with the rebels should be dealt with in accordance with treaty stipulations.

I have, &c.

B. ALSTON.

No. 56.

Admiralty to Foreign Office.—(Received August 20.)

Sir, *Admiralty, August 18, 1913.*
 I AM commanded by my Lords Commissioners of the Admiralty to transmit herewith, for the information of the Secretary of State for Foreign Affairs, an extract from a letter, dated the 25th ultimo, which has been received from the Commander-in-chief China, respecting the state of affairs in China.

I am, &c.

W. GRAHAM GREENE.

Enclosure in No. 56.

Vice-Admiral Jerram to Admiralty.

(Extract.)

Sir, *H.M.S. "Alacrity," at Nanking, July 25, 1913.*

I HAVE the honour to report that "Alacrity" arrived at Nanking on the 22nd July, and I transferred my flag to her from "Flora."

2. Although I now have a wireless chain from Hankow to Shanghai, the wireless work is found to be very difficult; the Chinese shore stations still accept telegrams, but it is quite problematical whether they send them through, and in any case a delay of some days is to be expected. Consequently everything has to be done by wireless, and the consular authorities at all the ports look to the ships to transmit their messages, besides the large amount of naval work going on.

With the ships of five nations (British, American, German, Japanese, and French) thus competing against each other, the result was confusion, and I have arranged with the other nations that the twelve hours of day and night shall be allotted, two to each nation exclusively and the remaining two for general use.

3. The situations at the three centres of the fighting are at present as follows:—

Nanking.

The opposing forces are at Peng-pu, on the Tien-tsin-Pukow Railway line, about 100 miles north of Pukow. It seems probable that the northern army will drive back the southern army on Pukow, and, as the latter hold the railway line, they should be able to effect their retreat without any difficulty, perhaps destroying the line behind them.

The danger here lies in the possibility of a routed and demoralised southern force arriving in Nanking unpaid and unfed, and ready to start looting. Apart from this, there is no reason to anticipate disturbances in Nanking itself.

The southern wounded are being sent down in considerable numbers, and there is only very indifferent medical aid for them.

I have offered the services of our medical officers, and they have been accepted but not made use of yet. The Chinese said they would send word when they desired them.

Shanghai.

Southern attacks on the arsenal close to Shanghai take place nightly, and so far have failed completely. The Chinese ships there have been taking part with the northerners in the defence of the arsenal.

The Shanghai international corps of volunteers has been called out for the defence of the settlement, if required, and the British and foreign ships there are prepared to land armed parties.

I have ordered "Monmouth" and "Hampshire" to Wusung—as near to Shanghai as they can go—and "Welland" and "Usk" to Shanghai itself.

"Newcastle," "Ribble," and "Woodlark" are already at Shanghai, so the British naval force there will be a strong one.

Kiukiang.

The northern troops are meeting with general success, and appear to be driving the southern troops before them with slight opposition. No change has been reported during the last forty-eight hours.

4. I have heard from Hong Kong that trouble is feared at Canton. The "Otter" and "Fame" have been sent there, the latter taking twenty marines.

I have, &c.

T. H. M. JERRAM.

No. 57.

Mr. Alston to Sir Edward Grey.—(Received August 23.)

(Telegraphic.)

Peking, August 23, 1913.

CRITICAL situation has arisen at Chengtu owing to 1st division having thrown in their lot with Chungking rebels, against whom they were sent. They are said to be marching on Chengtu. General Yin, at Yachow, has been threatened with death unless he declares against the Government, which he is expected to do at any moment. Other towns have also revolted.

One division of troops from Yünnan-fu, intended for pacification of Hunan, have been diverted to Szechuan. Foreigners so far all safe.

No. 58.

Sir C. Greene to Sir Edward Grey.—(Received September 6.)

(Telegraphic.)

Tokyo, September 6, 1913.

IT is reported that some Japanese have been killed at Nanking, and that Japanese houses have been pillaged by Chinese troops. This is causing some excitement in the press. The Japanese Government have instructed their consul at Nanking to furnish a report, and will await its receipt before coming to any decision. They are treating the question calmly.

No. 59.

Sir C. Greene to Sir Edward Grey.—(Received September 7.)

(Telegraphic.)

Tokyo, September 7, 1913.

NANKING incident.

The Director of the Political Division of the Foreign Office has been assassinated, presumably as a protest against the attitude adopted by the Foreign Office. This complicates the situation. It is not impossible that there may be serious developments unless prompt satisfaction is granted.

No. 60.

Mr. Alston to Sir Edward Grey.—(Received September 8.)

Sir,

Peking, August 23, 1913.

I HAVE the honour to report that the International Bankers' Commission at Shanghai have forwarded to the Dean of the Diplomatic Body their report for the quarter ended the 30th June last, showing the appropriation of revenue received by the Maritime Customs during that period.

The total revenue collected from the 1st April to the 30th June amounted to 10,500,118·74 taels, or a monthly average of 3,500,039·58 taels, compared with an average of 3,143,938·76 taels for the previous two months. Payment of loan instalments of principal and interest amounted to 8,674,664·84 taels, all instalments due up to the 30th June having been paid off. The balance on hand with the three custodian banks on the 30th June amounted to 8,197,591·11 taels.

No payments were made during the past quarter on account of the indemnity, and a total amount of 1,104,059·94 taels appeared at the credit of the Commissioner of Customs' "Chinese indemnity account" with the various banks.

I have, &c.

B. ALSTON.

No. 61.

Sir C. Greene to Sir Edward Grey.—(Received September 9.)

(Telegraphic.)

Tokyo, September 9, 1913.

NANKING incident.

Owing to the illness of the Japanese consul he has not yet reported to his Government, and some delay is expected. A demonstration, conducted principally by students, took place on Sunday in front of the Foreign Office. There was no violence.

No. 62.

Sir C. Greene to Sir Edward Grey.—(Received September 11.)

(Telegraphic.)

Tokyo, September 11, 1913.

NANKING incident.

Strong articles have appeared in one or two responsible newspapers to-day advocating immediate action if full satisfaction is not given by China. There was a big mass meeting yesterday at a theatre. No disturbance took place, but speeches of a fiery character were made.

No. 63.

Sir C. Greene to Sir Edward Grey.—(Received September 14.)

(Telegraphic.)

Tokyo, September 14, 1913.

NANKING incident.

The Chinese Government have undertaken to comply with practically all the demands of the Japanese Government. It is hoped that one or two outstanding points may shortly be satisfactorily dealt with.

Above communicated to me officially.

No. 64.

Sir C. Greene to Sir Edward Grey.—(Received September 17.)

(Telegraphic.)

Tokyo, September 16, 1913.

NANKING incident.

The Minister for Foreign Affairs informs me that Yuan Shih-kai has given assurances that satisfaction will be granted, but as public opinion is much excited, the Government have been compelled to instruct the Japanese Minister at Peking to press for prompt action by China. Three indignation meetings will take place to-morrow. His Excellency added that the departure of additional ships reported in to-day's papers was decided on some time ago, and that it is not a demonstration against China.

No. 65.

Sir C. Greene to Sir Edward Grey.—(Received September 22.)

Sir,

Chuzenji, September 6, 1913.

A GOOD deal of excitement has been aroused in the press by the telegraphic reports of the killing of some Japanese and the pillaging of Japanese houses on the occasion of the recent entry of the Chinese troops under General Chang Hsun into Nanking. Thus, it is alleged that Japanese stores and hospitals were pillaged although they were flying the Japanese and Red Cross flags; that a party of Japanese going to their consulate were attacked, three of their number being killed; that many Japanese are missing; that the Japanese flag was insulted; and that pillage and anarchy were prevailing everywhere. I lost no time in enquiring yesterday of the Ministry for Foreign Affairs what truth there was in the above reports, and was

informed in reply by the Vice-Minister that the newspaper paragraphs were much exaggerated. Mr. Matsui said that, as far as the Ministry knew, it was the case that three Japanese had been murdered and that the houses of all the Japanese in Nanking had been plundered. There had been no control of the troops, who were barbarous and ignorant as to flags, &c., and a state of anarchy had existed. All the Japanese subjects had, however, taken refuge in their consulate, and order was being restored by the troops of General Fang, who was punishing the pillagers, who belonged to the forces of General Chang.

The Japanese Government had, Mr. Matsui said, instructed the Japanese consul at Nanking to send a detailed report of what had occurred, and would await its receipt before deciding on their eventual course of action. Meantime sixty marines had been landed to protect the consulate, which he hoped would be sufficient, but more could be landed if necessary. Mr. Matsui added that he understood that the houses of other foreigners had been pillaged besides those of the Japanese. Altogether he appeared to take the affair calmly, and repeated more than once emphatically that the newspaper excitement was exaggerated.

I have, &c.

CONYNGHAM GREENE.

No. 66.

Sir Edward Grey to Mr. Alston.

Sir,

Foreign Office, September 24, 1913.

I HAVE to inform you that I have received a letter from the Army Council enquiring whether any reduction may be effected in the present strength (two British and one Indian infantry battalions) of the North China garrison, and whether the normal garrison there (one British and one Indian infantry battalions) is likely to be maintained for a further period of two years at least from the 31st May, 1914.

Before replying to the Council's letter, I should be glad to receive your observations on these points.

As the Council desire to receive an early reply to their letter, I request that you will inform me of your views by telegram.

I am, &c.

E. GREY.

No. 67.

Sir C. Greene to Sir Edward Grey.—(Received September 27.)

Sir,

Chuzenji, September 10, 1913.

THE Nanking incident, to which I had the honour to call your attention in my despatch of the 6th instant, has suddenly assumed a somewhat serious aspect owing to the assassination on Friday night of Mr. Abe, Director of the Political Division of the Foreign Office. It seems that Mr. Abe, who is a highly respected official, and who served at one time as secretary at the Japanese Embassy in London, was set upon by two young ruffians, who were dressed as students, as he was entering his own gate on his return home at 7 o'clock. One of these scoundrels seized Mr. Abe and held him, while the other stabbed him twice in the groin, after which they both took to their heels. Mr. Abe endeavoured to pursue them, but had to give up the chase and stagger home, where he died the following morning from his wounds. The reason which is generally assigned for the murder is an interview which had been given by Mr. Abe to the "Tokyo Nichi-Nichi," and which had appeared in the morning papers, with regard to the Nanking incident. In this interview Mr. Abe is reported to have deprecated the despatch of a special military commissioner to China, or the occupation of any place in that country, on account of the incident. It is assumed that his moderation must have offended some hothead who resented the official attitude, and would have preferred to see the murders of Japanese and the insult to the Japanese flag at Nanking dealt with in a more summary manner. Moreover, the vernacular press had been working up a public agitation over the Nanking incident as well as over two earlier outrages which had been committed against Japanese officers, Captain Kawasaki and Sub-Lieutenant Nishimura, in the neighbour-

hood of Hankow. These latter incidents had not unnaturally excited a feeling of indignation in military circles, with the result that warlike talk was heard. It is not easy to ascertain exactly what steps have been taken by the authorities, as the newspapers have been forbidden to discuss the incident, and one or two which had ventured to report it have been suppressed. It is officially stated that a demand for satisfaction has been addressed to the Government at Peking. It is impossible, in the absence of information as to the nature of these demands, to forecast the result, but it seems most desirable that the Chinese Government should grant full and prompt satisfaction if they wish to avoid unpleasant developments.

I have, &c.

CONYNGHAM GREENE.

No. 68.

Mr. Alston to Sir Edward Grey.—(Received September 27.)

Sir, *Peking, September 12, 1913.*
I HAVE the honour to transmit to you herewith copy of a despatch from His Majesty's consul at Nanking, describing the condition of affairs in that city subsequent to the entry of the northern troops.

General Chang Hsun had previously declared that he would permit no pillage or outrages of any kind to occur after his entrance into the city; the general, however, discreetly remained outside for three days, during which time his troops were allowed uncontrolled licence. After establishing himself in Nanking on the 4th September, Chang Hsun went through the formality of posting up stringent orders and of decapitating a few of the looters who were caught red-handed, but by that time there was nothing left to loot.

Considerable excitement has been roused by the killing of three Japanese civilians and the destruction of Japanese property by Chang Hsun's men at Nanking during the sacking of the city.

I have, &c.

B. ALSTON.

Enclosure in No. 68.

Consul Tours to Mr. Alston.

Sir, *Nanking, September 4, 1913.*
I HAVE the honour to report that the condition of affairs in Nanking during the last three days, following the capture of the city by the Government troops on the 1st instant, has been truly appalling, and thoroughly in accordance with traditions of Chinese mediæval warfare. Wanton murder, looting, rape, and incendiarism have been the unchecked amusements of the victorious soldiery. This morning General Chang Hsun entered the city in some state by the east gate (Taiping Môn), and proceeded to a yamên at Nua Pailou, in the south-east centre of the city; there he took up his quarters. Two or three hours later General Fêng Kuo-chang entered the city by the north gate (Yi-fêng Môn), and took up his quarters at the Naval College, close to this consulate, in the north of the city. The accommodation is scarcely adequate, however, and he proposes to move on to the house of the Bureau of Foreign Affairs, some 2 miles further into the city.

The three days' licence to the soldiery has clearly been by prearrangement. Up to last night hell unrestrained has reigned in the city; late last night, in anticipation of the General's entry to-day, proclamations over General Fêng's name appeared, ordering dire penalties against any who might be found looting, raping, or creating any disturbance after the appearance of the proclamation. The ability to enforce order has been amply demonstrated this morning; belated looters have been brought to the Naval College, and summarily executed in the roadway, their heads then suspended from the trees in the avenue along the main road.

The three days have provided sufficient time for a complete and thorough looting of the whole city. Scarcely a stick or a rag remains unlooted. Any who have protested or have attempted to protect their goods have been ruthlessly shot down. Persons, even women and children, running away in fear from the soldiers have been shot down in the street if they would not stop when called upon.

The city is now a scene of desolation ; and the inhabitants, many of them ruined, are sitting among the débris and the bare walls.

The rebel leaders have escaped ; the rebel soldiers who have surrendered have been paid off and released ; the whole penalty of the rebellion has fallen upon the luckless inhabitants and merchants, who almost to a man have been strongly opposed to the rebellion and all its works.

As I have already reported by telegram, some Japanese civilians were killed during the disorder in the city on the 2nd instant. The Japanese admiral arrived in port to-day and proceeded to the Japanese consulate, where, I understand, he is to reside for two or three days.

The rebels were all driven out of the south city during the night of the 1st instant. The fighting in that quarter during the whole night was very heavy. The last rebel stronghold was the Yu-hua-tai fort, outside the south gate. The rebels were informed that unless the fort was evacuated by noon on the 2nd instant it would be attacked. The fort was evacuated. All rebels who have escaped in this district and in Anhui province are reported to be in the hinterland south of Wuhu and Nanking. An officer of the Government troops told me to-day that their number is estimated at about 10,000.

This afternoon four of General Fêng's staff officers called on me, bringing the general's card, to enquire whether any British subjects had suffered any damage or loss, and to express the general's formal regret for the inconvenience caused by the disorder consequent upon the siege.

Ho Hai Ming and the other leaders seem to have escaped into hiding in the nick of time.

I have, &c.

B. G. TOURS.

No. 69.

Sir C. Greene to Sir Edward Grey.—(Received September 29.)

Sir,

Chuzenji, September 12, 1913.

POPULAR excitement in connection with the Nanking incident has shown no sign of abatement during the past week, and indignation meetings have been held out of doors and in public buildings. On Sunday a mass meeting of about 20,000 persons was held in Hibiya Park, which is adjacent to the public offices and Houses of Parliament, at which violent speeches were delivered but no breach of the peace ensued. The occasion of the meeting was the anniversary of the Treaty of Portsmouth, when it is customary for a crowd to assemble and demonstrate against what is held to have been an ignoble peace for the Empire. On the original date eight years ago a mass meeting had also been held in Hibiya Park, when wild scenes of riot occurred in consequence of the police having attempted to break up the meeting, and it was at last necessary to proclaim martial law. On the present occasion the authorities had very wisely instructed the police to absent themselves from the park so that no breach of the peace occurred. At the end of the meeting the mob rushed to the Foreign Office, and endeavoured to burst in the strong iron gates which separate it from the road. Stout chains had, however, been fastened round the gates, and the attempt failed. Subsequently some men climbed the gates and demanded audience of the Minister for Foreign Affairs, but were informed that there was no one in the Office. The mob then proceeded to the private residence of Baron Makino, and sought an interview with his Excellency. Here again the reply was that the Minister was not at home, and, after hanging about the premises till the small hours of the morning, the crowd grew tired and returned home. A similar visit was paid to the house of the Prime Minister. On Wednesday a mass meeting was held in the Meijiza theatre, at which 3,000 persons were present, and large numbers were turned away from the doors. At both these mass meetings, and at others of a less important character, speeches have been made by Members of Parliament and by politicians more or less in the public eye, but not by any men of special mark. The note throughout has been dissatisfaction with what is considered to be the weak policy of the Foreign Office, and a demand for mobilisation and the despatch of troops to occupy strategic points in China. The attitude of the Government has been calm throughout, and every endeavour has been made to allay public excitement and to prevent the popular indignation from getting out of hand. Even free lances of importance, like Mr. Inukai,

Mr. Ozaki, and others, have preached patience, and pointed out the necessity of allowing time for the Chinese Government to deal satisfactorily with the situation. Of course the Opposition press is very excited, and even vernacular papers, such as the "Jiji" and "Nichi Nichi," are beginning to show signs of impatience, but the dailies, which are published in English, are still showing an excellent example. The agitation in the Opposition papers is ascribed to a desire to turn the Government out of office.

Yesterday it was stated that a young man, aged 18, had committed suicide, and that a paper found in his pocket was a confession of the murder of Mr. Abe. I do not know if this news is correct, but the account given is circumstantial. Another young man has since attempted to commit suicide in one of the waiting rooms of the Foreign Office by way of protest against the Ministry for Foreign Affairs.

Mr. Abe's funeral took place without any disturbance on Thursday, and was attended by about 1,500 persons, including the Prime Minister, the Minister for Foreign Affairs, the Minister of Marine, Baron Kato, Viscount Uchida, all the staff of the Foreign Office, and representatives of the various embassies and legations. Extraordinary posthumous honours have been conferred upon the dead man by the Emperor, including his appointment as Envoy Extraordinary and Minister Plenipotentiary to Belgium.

I have, &c.

CONYNGHAM GREENE.

No. 70.

Mr. Alston to Sir Edward Grey.—(Received September 29.)

(Telegraphic.)

Peking, September 29, 1913.

NANKING incident.

His Majesty's consul at Nanking telegraphed to me yesterday as follows:—

"Chang, who called on all the consuls to-day, informed me that a settlement of the Japanese incident is being arrived at. Chang called on the Japanese consul this morning to apologise, and this afternoon his troops will follow."

No. 71.

Mr. Alston to Sir Edward Grey.—(Received September 29.)

(Telegraphic.)

Peking, September 29, 1913.

NANKING incident.

His Majesty's consul at Nanking reports that, as he learns from the Japanese consul, 900 of Chang's soldiers saluted the Japanese consulate yesterday, and the demands of Japan have been complied with. In two or three days the greater portion of the Japanese landing force will be withdrawn.

No. 72.

Mr. Alston to Sir Edward Grey.—(Received October 4.)

(Telegraphic.)

Peking, October 4, 1913.

THE election of the President is fixed for the 6th October and the inauguration for the 10th October. I propose to recognise the Republic as soon as the election has been notified to us.

The President's inaugural address will contain a declaration, which has been submitted to the Diplomatic Body, regarding the observance of foreign treaties.

No. 73.

Sir Edward Grey to Mr. Alston.

(Telegraphic.)

Foreign Office, October 4, 1913.

YOU should act as proposed in your telegram of to-day, and also convey to the President a congratulatory message on behalf of His Majesty's Government.

No. 74.

Mr. Alston to Sir Edward Grey.—(Received October 6.)

Sir,

Peking, September 19, 1913.

I HAVE the honour to transmit to you herewith a Presidential Order providing for the punishment of the persons responsible for the killing of Japanese subjects at Nanking.

I have, &c.

B. ALSTON.

Enclosure in No. 74.

Extract from the "Gazette" of September 12, 1913.

PRESIDENTIAL ORDER.

THE Wai-chiao Pu has presented a report which states that on the 1st September, after the assault and recapture of Nanking by the Government forces and while the Government and rebel troops were in a state of confusion, it happened that there were three Japanese subjects who had the misfortune to be killed, and that, moreover, looting of Japanese shops occurred.

The sole object of employing military force on this occasion has been to stamp out evil-doers, and to tranquillise the well-disposed, and by safeguarding the peace of Eastern Asia to protect the trade of China and foreign nations. Repeated instructions have been issued to the officers responsible to exercise the utmost strictness in restraining their men from alarming the country folk. Yet foreign merchants who are in a strange land have been plundered, and those who are our guests have been killed. This is, indeed, execrable conduct, and very greatly to be deplored.

Chang Hsun, Tutu of Kiangsu, is hereby commanded to seek out with all speed those persons who are guilty of slaying and looting, and to punish them with the utmost severity provided by martial law. The responsible officers who failed to control their men strictly must one and all be discovered and severally punished.

With respect to all Japanese merchants who were killed or plundered, Li Sheng-to is hereby commanded to investigate the circumstances of the damage inflicted, and to make good all losses in full. He shall, moreover, express commiseration as is fitting.

The relations between China and Japan have long been most cordial, but they have been more than ever intimate since the establishment of the Republic. All civil and military officials in the provinces are hereby commanded to foster this principle of sympathy, and to pay the utmost respect to all international obligations. From such a course not the slightest divergence can be permitted which could cause such another regrettable accident as this to occur. By this means will China's extreme desire to deal straightforwardly with a neighbouring nation be manifested.

No. 75.

Mr. Alston to Sir Edward Grey.—(Received October 6.)

Sir,

Peking, September 22, 1913.

WITH the fall of Nanking and the suppression of the rebellion in Szechuan, which I have had the honour to report by telegraph, the armed resistance of the opponents of Yuan Shih-kai would appear to have been definitely crushed. There

nevertheless exists a considerable body of opinion which favours the view that the collapse of the agitation against the provisional President is more likely to be temporary than permanent. This view is based in part on the methods employed and the net results obtained by the northern forces during the recent campaign.

It must, in the first place, be conceded that the principal weapon used by the Central Government and its supporters has been bribery. No decisive success in the field was gained by the northern generals nor anything in the nature of a "lesson" inflicted on the rebel forces. Desultory fighting, in most cases at ranges which render even the modern rifle innocuous, was followed, in almost every case, by protracted negotiations, resulting in the fixing of a definite price at which the leaders were prepared to be "bought off" and the men to disperse after laying down their arms and receiving a bonus in cash. Both the men of the regular army and the coolies enlisted for the occasion, who fought on the southern side, have, in fact, learnt nothing of the horrors entailed by defeat in the field, but have disbanded, impressed by the pecuniary advantage to be gained by opposition to the forces of the Central Government. To the number of some tens of thousands they are now cast adrift in various parts of the southern provinces, and, failing the unlikely event of their obtaining work as agricultural labourers, cannot but tend to swell the normal forces of disorder should peace be maintained or to join the ranks of any future organised rebellion which may break out.

While the rank and file of the rebel forces have little reason to regret their adherence to the southern cause, their leaders have at least escaped the condign punishment promised them in a series of presidential orders which have from time to time appeared in the "Peking Gazette." While some have been proscribed, and while a definite price has been placed on the heads of others, none of the more important have been actually captured and executed. To those who deserted the revolutionary movement in its earlier days, a certain monetary benefit has doubtless accrued as the price of their desertion. Others have certainly profited by the forced contributions from mercantile communities which have been reported from almost every point occupied by the rebel forces. In view of the considerable financial assistance which was apparently forthcoming, it is improbable that any of the rebel leaders have sustained serious pecuniary loss, nor, with the exception of the dispossessed Tutus and certain high provincial officials who have lost their positions, have they any more reason than the men whom they lately commanded to regret their opposition to the Central Government. The rebel Tutus together with the other more prominent agitators on the southern side are now enjoying the benefits of a secure asylum abroad, where they will doubtless pursue in peace their efforts to render the position of the provisional President impossible.

In my despatch of the 28th July, written soon after the outbreak of the late rebellion, I had the honour to report that there was no sign of the movement having secured the support of any considerable body of public opinion in China. Throughout the course of the campaign this has, in fact, proved to be the case. While the great body of the working classes remained apathetic, the sympathies both of individuals and corporations connected with trade and commerce were shown strongly to favour the success of the Central Government. At every point where hostilities were threatened the influence of Chambers of Commerce and Mercantile Guilds was invariably wielded on the side of moderation. After hostilities had actually broken out a number of these corporations actively supported the cause of the provisional President, and in some cases made the most serious sacrifices in its defence. If the sympathies of the commercial classes were opposed to political upheaval before the outbreak of the rebellion, it is certain that these sympathies have been strengthened by their experiences during its course. Nearly every town which has been in occupation of the southern forces has been the scene of political murder, extortion, and looting. In some cases victorious northern soldiery, on entering points which had been in possession of the rebels, completed the partial ruin already wrought by their opponents. The general set-back to trade expansion and commercial confidence, which have been the natural outcome of the disturbances, will be probably only a temporary phenomenon, but long after normal conditions have been restored the commercial community will remember their late experiences, and it is safe to assume that their influence will continue to be thrown with increasing weight on the side of a strong central administration capable of maintaining internal order.

At the outbreak of hostilities fears were expressed that general disaffection would be found to exist among the high provincial officials throughout China. Had the Central Government been less well supplied with funds, and had its forces suffered an

early and decisive defeat in the field, it is possible that these fears might have materialised. In the event they have proved unfounded. The northern provinces have remained uniformly loyal to the provisional President. The Tatus of Yunnan, Kueichow and Shensi have proved the value of their loyalty by despatching troops against the rebels in neighbouring provinces. In Hunan, Chekiang and Fukien the high provincial authorities, having declared independence under the stress of *force majeure*, took the earliest opportunity of returning to their allegiance, and that Yuan Shih-kai is convinced of their loyalty is proved by the fact that they have been confirmed in their positions. Even in Kuangtung and Szechuan sufficient adherents of the Central Government were found to suppress the local rebels without serious assistance from outside. There is no reason to apprehend that the sympathies of the provincial governors, which have lately been shown as strongly in favour of the provisional President and his policy of opposition to disintegration, will undergo any marked change in the immediate future. It must not, on the other hand, be forgotten that such a change might possibly result should the Central Government fall into a state of financial embarrassment and be no longer able to dispose of the large sums of ready money which have lately been employed against the rebels.

There remains to be considered the position of the large numbers of Chinese youths who have returned from Japanese, American, or European universities, and who form the nucleus of what is popularly known as the "Young China" party. With the exception of a very limited number of individuals, who have genuinely assimilated some branch of Western knowledge and have already taken their place in the professional life of China, the young Chinaman, who has enjoyed the benefits of a superficial foreign education, is as strongly opposed to the arbitrary régime of Yuan Shih-kai as he was to that of the Manchu Empire. He helped to overthrow the late dynasty, and, having achieved his purpose, finds that he has set up in its place a Republic which is as autocratic in its methods of administration and which has as little use for his services as that of the Government which he overthrew. It is difficult to determine whether any serious part in the late rebellion was played by the returned student class. It is improbable that any considerable number of them took the field as active partisans of the southern cause, but almost certain that there exist many thousands of Chinese middle-class homes in which a constant propaganda is being carried on in favour of a genuinely democratic Republic as advocated by Sun Yat-sen and in opposition to the autocratic Republic of which Yuan Shih-kai is provisional President. It must also be remembered that the ranks of the "Young China" malcontents are being constantly augmented by fresh arrivals from abroad; and that no effort at conciliating this dangerous element has been made by the present administration.

Under these circumstances, it is probably correct to assume that such weight as is carried by the majority of young foreign-educated Chinamen will continue to be thrown on the side of the forces opposed to the Central Government as at present constituted. The function will doubtless be to keep alive the latent hostility to the north, which is apparently endemic in the southern provinces.

I have endeavoured to show above that the so-called suppression of the late rebellion has left in existence elements from which armed forces could easily be raised for the purposes of a fresh rising, that the leaders of the movement have little reason to fear, and some direct incentives to hazard, a renewed attack on the Central Government, and that the success of Yuan Shih-kai in dealing with the troubles has been due much more to the superiority of his financial position than to that of the forces which took the field on his behalf.

Before the close of the current year the funds at the disposal of the Chinese Government will almost certainly be exhausted. It is thought by those who favour the view that no definite or permanent suppression of southern aspirations has been accomplished, that this moment will be chosen by the opposition forces for a renewed attack on the Central Government.

To turn from speculations regarding the future action of the southern agitators to the actual political position occupied by the provisional President at the moment, it must be conceded that this is stronger than at any period since Yuan's accession to power. About the 4th August the first steps were taken by him to overawe his opponents of the Kuo Min-tang party, who remained in Peking and continued to fulfil their functions and draw their salaries as members of the National Assembly. Some days later rumours were current that some form of compromise had been arrived at between Yuan and the above-mentioned party. Military successes having intervened, it is probable that the President considered compromise no longer necessary, and

determined to resort to sterner measures. Round about the 20th August it was reported that numerous arrests were being made among the President's political opponents. These culminated on the 27th August with the arrest of a number of senators and deputies belonging to the Kuo Min-tang. For a time there was talk of adopting measures of retaliation against the unconstitutional action of the President, and a deputation of the two Houses even went so far as to visit the Winter Palace and ask Yuan for a categorical statement regarding his intentions of ruling the country with or without Parliament. It is not known what reply they received, but all opposition may now be said to have collapsed, and there are signs that the definite election of Yuan as first President of the Chinese Republic will not now be long delayed.

I have, &c.

B. ALSTON.

No. 76.

Mr. Alston to Sir Edward Grey.—(Received October 6.)

(Telegraphic.)

Peking, October 6, 1913.

YUAN SHIH-KAI elected President of the Chinese Republic to-day.

No. 77.

Mr. Alston to Sir Edward Grey.—(Received October 12.)

(Telegraphic.)

Peking, October 12, 1913.

YOUR despatch of 24th September.

I would deprecate coming to any decision for reducing garrison in North China until effect of formal election of President and of foreign recognition of his Government has been seen, say until the spring of next year. At present martial law still prevails in many centres in China. Chinese themselves are by no means confident as to political outlook.

No. 78.

Mr. Alston to Sir Edward Grey.—(Received October 13.)

Sir,

Peking, September 29, 1913.

I HAVE the honour to report that the third Cabinet since the establishment of the Provisional Republican Government was formed on the 11th instant under the Premiership of Hsiung Hsi-ling.

The country had been without a substantive Premier ever since Chao Ping-chun went on leave in May last, and the effect of the recent rebellion on the political parties and the National Assembly rendered an early reconstruction of the Cabinet inevitable.

The Premier holds the portfolio of Finance, and General Tuan Chi-jui and Admiral Lui Kuan-hsun continue at the head of the army and navy, respectively, while the remaining Ministries have been distributed as follows:—

Foreign Affairs, Sun Pao-chi.

Interior, Chu Ch'i-ch'ien.

Justice, Liang Ch'i-ch'ao.

Education, Wang Ta-hsieh.

Industry, Chang Ch'ien.

Communications, Chou Tzu-ch'i.

No appointment has been made to the Ministry of Agriculture and Forestry, which will shortly be reamalgamated with the Ministry of Industry and Commerce.

Hsiung Hsi-ling was Minister of Finance in the first Republican Cabinet under Tang Shao-yi, and his name will be remembered in connection with the Crisp loan, which he negotiated after his resignation of that post; he has recently been acting as Military Governor of Jehol.

Sun Pao-ch'i is an ex-Minister to France and Germany, and was Governor of Shantung up to the time of the revolution.

Chu Ch'i-ch'ien was Minister of Communications in the last Cabinet.

Liang Ch'i-ch'ao is the best known disciple of the reformer Kang Yu-wei, and was proscribed with his master after the *coup d'État* of 1898, since when, as a journalist in Japan, he has advocated the cause of limited monarchy in China.

Wang Ta-hsieh was Minister to Great Britain in 1905, and subsequently to Japan.

Chang Ch'ien is a noted Chinese scholar and promoter of industrial enterprises; he also claims to be an authority on salt administration.

Chou Tzu-ch'i, as a member of the old Board of Foreign Affairs, accompanied Prince Tsai Chen on his coronation mission to England in 1911; as Acting Minister of Finance he was responsible for the Belgian loan of March 1912, since which date he has been Governor of Shantung.

The Cabinet, though nominally non-party, is markedly conservative in composition, and the absence of any member of the Nationalist party and the practically unanimous acceptance of the nominations by the National Assembly mark the defeat which the Radicals have suffered through the suppression of the rebellion which their extreme wing supported.

The President somewhat boldly claims he has collected a "Cabinet of all the talents," each member of which will assume his full share of responsibility and make Cabinet Government a reality, with the aid—incidentally—of a further foreign loan. It is true he enjoys at present a greater measure of parliamentary support than either of the previous Cabinets, but the fate of Tang Shao-yi should serve as a warning against any tendency to ignore the effective power still wielded by the President himself.

The new Cabinet has adopted a policy of administrative retrenchment which, however necessary, cannot be popular among the hordes of recently appointed republican officials, and a section of the native press continues to foster the officially denied rumours of friction between Premier and President, and to hint that the formal election of the latter, which is now in sight, will of necessity entail the nomination of a new Cabinet when the Government ceases to be provisional.

In view of China's present difficulties, it is perhaps too much to expect any marked change in the external policy of the Cabinet, though the prompt acceptance of the Japanese demands in connection with the Nanking incident may be regarded as a hopeful sign.

When calling on me after taking up their appointments, the Premier and the Minister for Foreign Affairs and Justice, each dwelt at some length on the feeling of profound gratitude entertained by the President and Government of China towards the Government of His Majesty for the friendly and sympathetic attitude adopted by us from the commencement of the revolution, and continued during the recent rebellion, an attitude which they hoped might still be observed in the future.

I replied in each instance to the effect that the policy of His Majesty's Government would always be in favour of a strong and stable Government in China, and that our sympathetic support to this end could be relied on.

I have, &c.

B. ALSTON.

No. 79.

Foreign Office to War Office.

Sir,

Foreign Office, October 18, 1913.

I AM directed by Secretary Sir E. Grey to transmit to you herewith, to be laid before the Army Council, copy of a telegram from His Majesty's Chargé d'Affaires at Peking,* recommending that the decision as to a reduction of the garrison in North China should be postponed for the present.

I am to inform you that the Secretary of State is entirely in accord with the view of the situation expressed by Mr. Alston, and would deprecate any reduction of the garrison in the immediate future.

I am, &c.

W. LANGLEY.

Mr. Alston to Sir Edward Grey.—(Received October 27.)

Sir,

Peking, October 11, 1913.

I HAVE the honour to report that the election of the first President of the Chinese Republic was held on the 6th instant.

Article 2 of the law for the election of the President states that the President shall be elected by an electoral college organised by the members of the National Assembly, and that, for the purposes of the presidential election, a quorum shall be constituted by two-thirds of the total number of electors voting by secret ballot. Of the total number of votes cast an absolute majority, amounting to three-fourths, must be obtained by the successful candidate. This procedure is followed twice, and, in the event of no decisive result being obtained, a third ballot is held, the candidates being limited to the two who headed the poll at the second ballot. On this third occasion a bare majority suffices for election.

Contrary to general expectation, the proceedings were protracted throughout the day, and three ballots were required before the provisional President could be legally confirmed in his office. It had been hoped that the unanimity with which the members of both Houses had hurried forward the election, in order to enable the inauguration to be held on the second anniversary of the outbreak of the revolution, foreshadowed a similar unanimity in the choice of the President. But this proved not to be the case. At the first ballot 759 members were in attendance, of whom 471 voted for Yuan Shih-kai and 154 for Li Yuan-hung. The remaining votes were cast for Wu Ting-fang, 33; Tuan Chi-jui, 16; Sun Yat Sen, 13; Kang Yu-wei, 11; and Tang Shao-yi, 5; several others obtained one or two votes each.

Yuan Shih-kai was therefore short by 99 votes of the number required for election. A second ballot was then held; 745 members were present, and, although Yuan Shih-kai received 26 additional votes, he was still 62 short of the requisite majority, while General Li's votes were increased to 162. It then became necessary, according to the article of the law quoted above, to have a third ballot to decide between Yuan Shih-kai and Li Yuan-hung. In this final ballot 703 members participated, of whom 507 voted for Yuan Shih-kai, 179 for Li Yuan-hung, and 17 voted irregularly. President Yuan was therefore elected by an overwhelming majority over one who has been the most loyal of his coadjutors and who has emphatically asserted that he has no aspirations towards the presidency. The announcement was greeted with outbursts of applause within and without the Assembly building.

It is difficult to ascertain the reasons for such strenuous opposition. General Li Yuan-hung, in spite of repeated announcements that he would not accept the presidency, received the votes of more than 150 members on each occasion, and several votes were given to other persons who were never seriously considered as candidates, and who would, in any event, have been ineligible. This attitude of the Assembly was the more unexpected inasmuch as the Kung-ho Tang, or Conservative party, of which General Li is president, at a trial election held recently, decided unanimously to adopt Yuan Shih-kai as their candidate for the presidency. Voting being by secret ballot, it is impossible to ascertain which party in the Assembly persisted in voting for General Li, but it is generally believed that he received most of his support from the Chin-pu Tang, who represent what might be called the Progressive party. One obvious defect of the election was the absence of any formal procedure for nominating candidates. Members were left absolutely free to vote for any name they liked without complying with any formality or even observing the constitutional qualifications of a presidential candidate.

The Minister for Foreign Affairs notified the result of the election to the foreign legations the same evening in identic notes, and by the following day all those countries which had not already done so officially signified their recognition of the Chinese Republic in the same manner. On the receipt of my note, the Wai-chiao Pu conveyed to me the thanks of the Chinese Government for the recognition accorded by His Majesty's Government. The Minister for Foreign Affairs called on me in person on the 7th instant and also requested that I would transmit the thanks of the Chinese Government for the action taken by His Majesty's Government in the matter, as well as for their attitude throughout the course of the past two years.

The election for the vice-presidency of the Republic of China was held on the 7th October.

Unlike the vote for the presidency, only one ballot was required, Li Yuan-hung being elected by a sweeping majority of 610 out of a total of 719 votes. The remaining 109 votes were distributed over about half as many different candidates, Chang Hsun and Sun Yat Sen receiving one apiece.

I have, &c.
B. ALSTON.

No. 81.

Mr. Alston to Sir Edward Grey.—(Received November 3.)

Sir,

Peking, October 11, 1913.

IN continuation of my despatch of to-day's date, I have the honour to report that the ceremony of the inauguration of the presidency of Yuan Shih-kai took place on the 10th instant, the second anniversary of the outbreak of the revolution.

The President arrived at the palace grounds at 10.20 in a special state coach, and, alighting at the foot of the marble bridge in front of the Tienanmen, was carried in a sedan chair through the inner courtyards into the main court square. Special precautions were taken against any possible attempt on the life of the President, troops being lined up to guard all the main approaches within and without the palace.

At 11 o'clock the President entered the hall, in which were assembled the heads of the foreign missions with their staffs, the chief Chinese officials, and members of Parliament.

After taking the oath in the following terms: "I swear I will most sincerely obey the Constitution and faithfully discharge the duties of President," the President read his declaration, in which he touched upon his former career and sketched the outlines of his future policy. The main points of his speech were insistence on internal peace, education, the development of commerce, and adherence to the treaties with foreign Powers. He hoped to improve the discipline and efficiency of the army and navy by concentrating his efforts rather on moral training than by trusting to sheer weight of numbers.

After reading this declaration, copy of which is enclosed, the President retired for a while, and, when the members of Parliament had withdrawn, returned to receive the Diplomatic Body, who were formed up in a line according to precedence.

The Spanish Minister, M. Luis Paster, acting as dean of the Diplomatic Body, read out in French a message of congratulation on behalf of the foreign Governments. The President replied in suitable terms, reasserting his desire to maintain intact existing friendships and treaties with foreign Powers. His Excellency then went down the line and conversed in turn with the heads of missions, who subsequently introduced to him the members of their staffs.

There now remained only one more ceremony, perhaps the most delicate and significant of all. In the hall, which in past centuries had witnessed the most brilliant functions of the Manchu Court, the President of the Republic received the congratulations of the representative of the ex-Imperial family. Prince Pu Lun, or simple "Pulun" as he was styled in the official "Gazette," attired in the full-dress uniform of a general, read a letter from the Ta Ch'ing Emperor, conferring on the new republic the blessing of the dethroned dynasty.

The President was afterwards carried to the top of the Tienanmen, where were gathered together the members of the foreign legations, the chief Chinese officials, and the representatives of the foreign press. Conspicuous among the assembly was the once redoubtable General Chiang Kuei-ti, now attired in the new blue uniform of Yuan's military staff. From this favourable position the President reviewed some 8,000 troops, including battalions of the Imperial Guard, the President's guards, and the Peking garrison, three batteries of artillery, and a squadron of cavalry, who marched past to the air of the new Chinese National Anthem played by three military bands.

In the evening a reception was given in the new Wai-chiao Pu building to the Diplomatic Body, which was attended by almost the entire foreign community of Peking.

To-day his Excellency gave a State luncheon to the heads of missions in the palace of the late Empress Dowager. This entertainment was followed by a garden party in the grounds of the palace, which was attended by the members of the foreign legations and by the principal members of the official and foreign community.

It has since transpired that the ceremony of inauguration was nearly marred by disaster. Major-General Chen Chou-yin, the chief of the Peking Detective Service, had been suborned by the enemies of Yuan Shih-kai, and, armed with small bombs, intended to blow to pieces the President and all his entourage. If he had been able to carry out his purpose at the moment of the taking of the oath, the members of the Diplomatic Body would have been included in the catastrophe.

Fortunately the General's manner on the previous day in making difficulties over the place assigned to him at the ceremony aroused suspicion, and secret enquiries instituted at his residence produced ample evidence of his guilt. He was accordingly handed over to the court-martial, by whom he was sentenced to death. The execution was carried out the day after the inauguration.

I have, &c.

B. ALSTON.

Enclosure in No. 81.

Inaugural Address of President, October 10, 1913.

I, THOUGH lacking in ability, have for a generation taken a humble part in public life and have ever maintained a moderate policy. It has been my conviction that the fundamental principle of governance consists in a clearly defined system of administration and in the strengthening of cardinal principles of morality prior to taking occasion by the hand in promoting the progress of the masses. For this cause I have aimed gradually at introducing such reforms as would make for public enlightenment: at the same time, I have preferred conservative to extreme methods for the reasons that the fate of this State and people must not be staked on a single hazard of the dice and that immemorial traditions and precepts must not be lightly swept into oblivion.

Four years ago I retired to my estate and in the occupations of husbandry severed all connection with public life. The ambition of my career to save the country had vanished like a passing cloud rack or an eddy of smoke. But upon the outbreak at Wu Ch'ang I was forced by circumstances to bear the brunt of the storm and owing to alarm lest ruin should overtake my country and fellow-citizens I sought a way to mitigate their distress. Thereafter, the Manchu Emperor abdicated the throne and the republic was established when the five races of China did me the honour of election to the provisional presidency. There is nothing to wonder at in this form of government, which existed in embryo in China 4,000 years ago. But my exercise of authority has been so hampered by obstruction that all progress has been frustrated. Anxiety has been my companion early and late and sleep and appetite have deserted me. Yet have I borne with all in the patient hope that a peaceful settlement might be achieved. Nevertheless, in July of this year a handful of demagogues sought to overthrow the Union and to destroy the State; the very existence of this infant republic of East Asia was trembling in the balance. To save the nation and people it became my bounden duty to put down the rebellion by force. Happily, the country was sated of anarchy and the army did its duty, so that the rebellion collapsed within two months. It was then my purpose to retire to my estate and for ever enjoy the blessings of a republican Government. But the National Convention has elected me to the Presidency and the friendly Powers have accorded recognition on the day of my election. It would have been unbecoming for me to follow an ideal of false modesty by refusing the call, lest the foundation of the nation should be shaken and I should prove false to the trust imposed by my fellow-citizens. For I too am a citizen of China and the one object which I have at heart is to save the nation and people. Success or failure is beyond my ken: I am indifferent alike to hardship or calumny. This is why I have felt bound to take office and wish now to speak to my fellow-citizens in a spirit of earnestness and good-will.

European scholars have said that a constitutional Government must needs respect the law and a republic morality; that is to say, morality is the fundamental principle, while law is its practical manifestation. If we would raise our people at one bound to the standard of citizens of a republic we must needs avail ourselves of law to support morality. Learned men from France, America, and other countries have assured me that the true definition of the word republic should be: "That form of Government which is founded on the wishes of all to provide a complete system of law which shall be faithfully observed, while licence which transgresses the law shall be avoided with loathing." Such a law-abiding habit may only be acquired by degrees, till it become second nature, even as the limit set upon the appetite or the seasons for labour and

repose. Then only may a nation deserve the name of law abiding. Our people are most docile by disposition but they lack this law-abiding habit. I would fain see one and all keeping the law of the land until ingrained habit raises their morals imperceptibly to a higher plane.

Again, in a republic the people are the controlling force. The vast majority desire only to live in peace and to follow their avocations. But since the revolution they have been exposed to manifold tribulations, and one grieves to think of their plight. It has been my constant desire to restore them to their wonted prosperity, and I have avoided any measure calculated to induce disturbance. It is to me a source of keen regret that no precautions should have availed to restrain the rebel mob, and that in consequence innocent citizens should have been the victims of their poisonous ravages. I propose to devote the whole of my strength in enabling the people to enjoy the blessings of a republic, so that the ideal of the attainment of happiness may be attained.

The difficulties of gaining a livelihood have so increased that the people have been reduced to dire extremity, and cunning rebels have availed themselves of their plight to lead them to undoing. Most surely they deserve our compassion! In order to attain permanent order in a State the citizens must all possess a means of livelihood. Such an object may only be gained by devoting special attention to agriculture, industry, and trade. It is said that in civilised countries the best men are engaged in industrial pursuits. The climate and resources of China are not inferior to those of other nations, but cultivation and cattle breeding have been undeveloped and industrial efficiency is wanting. Our mines and fisheries are neglected and their treasures left undisturbed. Trade is not encouraged, hence our exports steadily dwindle. We are like a rich man who buries his wealth in the earth and daily bemoans his poverty. I would fain direct the attention of the people to industry, so that the sources of wealth may be increased and livelihood facilitated. You will then have a firm foundation. There are, however, two reasons why industry has not developed: firstly, owing to education having remained in a rudimentary stage, and secondly, owing to lack of capital. Every department of industry is related to science, yet we have paid no attention to physics, chemistry, steam, or electricity. While others are engaging in the struggle for education or trade, we have obstinately adhered to antiquated systems, and made a fetish of empty theories. I should like to see the introduction of enlightened foreign educational methods in China. Even in the region of politics and law, practice, and not theory, is needed. Without capital the development of industry is impossible. In view of the fertility of our soil and the abundance of our productions, no one can fairly call China a poor country. Raiment, food, and lodging are all that humanity needs, and silver and gold are merely counters. But shortage of money implies lack of the medium of exchange, for without gold and silver the necessary counters are unavailable. Thus, in order to develop industry by means of the necessary capital, we must needs have recourse to our neighbours who possess an ample supply of the medium of exchange. When the resources of the land are exploited, there will be no waste soil and no unemployed. Hence after repayment of loans a surplus will accrue out of the gains made on the original capital. This is surely preferable to burying one's treasure and then bemoaning one's poverty? Hence I am anxious for the influx of foreign capital in order to develop our industries.

The introduction of foreign civilisation and capital is a cosmopolitan as well as a national policy, for the essence of world civilisation is simply to supply the deficiencies of others from our own surplus, so that society everywhere may benefit. Divisions between countries thus practically disappear, as Confucius meant when he spoke of universal harmony. China is now a republic and must rid herself of the antiquated notions appertaining to her period of seclusion. Our citizens who obey the law of their own land must needs know also the law which all nations hold in common. In all their intercourse with other nations they must beware of any prejudice towards foreigners in violation of right principle and resulting in severance, but must behave after civilised standards.

The attitude of foreign Powers towards us has of late been pacific and just; as occasion arose, they have often rendered us assistance, and while this affords an evidence of the civilisation of the world, we are none the less grateful to the friendly Powers for their good-will. It is essential that our citizens should appreciate this point, and make a point of consolidating international friendships by manifestations of sincerity. I hereby declare that all treaties, conventions, and official engagements contracted by the former Manchu and the Provisional Government with foreign Governments shall be faithfully observed, also that all contracts duly concluded by the former Governments with foreign companies and individuals shall be strictly

observed, and further that all privileges, rights, and special immunities enjoyed by foreign subjects in China by virtue of international engagements, national enactments, and established precedent are hereby definitely confirmed, so as to promote international amity and maintain harmonious relations. Our people must recognise that this is nothing less than a duty in international relations, since proof of genuine amity on our part must needs conduce to the exercise of mutual courtesy.

Such, then, are the main points of the declaration which I am making to the nation, but in order to amplify my meaning in the widest sense only one word is needed, namely, "morality." This word is so comprehensive that even the greatest sages have failed to exhaust its whole significance in thousands upon thousands of words, but what I understand by the term may be briefly comprehended under the four characters, loyalty, trust, steadfastness and sobermindedness.

The original meaning of loyalty is loyalty to the State and not to the individual. Only by making the stand of his loyalty the country and not confining it to one individual or House, can one assure the benefit of the race in preference to personal considerations of advantage. The pursuit of power must be disregarded and duty made the paramount consideration. The interests of the State must not be sacrificed for the selfish interest of one man.

Confucius said: "Without trust no nation can stand." Civilised nations look upon deceitful conduct with contempt and the stigma is even as a flogging administered in the public square. Washington, when a lad, thanks to his father's discipline, never uttered a lie. In the past China has always laid stress on trust and righteousness, but of late a sad degeneracy has set in and wild exaggeration has become a second nature. Without trust no man can stand upright: how much less a nation! Tseng Kuo-fan under the late dynasty remarked: "The foundation of conduct is to tell the truth." Therefore trust is necessary in all our relations of life. What is steadfastness? Civilised countries spare no pains in preserving their national traditions and without impeding their advance on the path of progress will not allow a name or an institution to pass into oblivion. For China Confucianism has always been a great moral safeguard and the changes and chances of 4,000 years have certainly left the essence of the doctrine secure from the ravages of time. But there are those who are deluded by theory and lightly forsake their own heritage. They indulge in high flown catchwords without accomplishing any practical result; while abandoning their own national traditions they fail to acquire a single good quality from abroad. Frivolity of character spreads like a new disease. When the root is destroyed, where shall the leaves find place to grow? The remedy, then, is steadfastness.

What is sobermindedness? "To possess a constant occupation one must needs have a constant mind." In time of emergency he who is devoid of constancy will lose his presence of mind, whilst at ordinary times he is beset by sloth. In the discharge of his duties an atmosphere of sluggardness is never absent, and an easy nonchalance will frustrate the execution of every design. No man will assume responsibility, but will readily play the part of the supercilious spectator with sarcastic comment. Even one's own duty is ignored as if it were not one's concern. It is then that we can appreciate the full flavour of the ancient adage regarding sobermindedness in business. Truly, to rid ourselves of sloth and pride sobermindedness is needed.

I solemnly pledge myself to make these four words my own ideal and to impress them upon my countrymen. May we ever bear them in our minds and keep them on our lips, for no nation can stand save upon the eternal verities which determine right and wrong. However personal tastes may differ, there is an immutable standard of conduct which is embraced by the general truth that he who does his duty and abides by the law is virtuous, while he who transgresses propriety and principle is evil. Would that my fellow-citizens may distinguish between them! It is often said that the advance of civilisation is accompanied by a tendency toward extravagance. Were this country, in its extremity of weakness and poverty, to imitate other nations in their extravagance but not in their civilisation, it would be as if a sick man were to engage in the lists with an athlete. Of recent years the standard of living in China has steadily increased, while wealth has diminished in like proportions. The adage has it that when the State becomes extravagant frugality must be inculcated. I can but hope that my countrymen will not neglect the duty of frugality as a branch of morals.

In conclusion, if law and morality go hand in hand, this republic will stand on a sure foundation. Respecting the problem of National Defence, China stands in sore need of a period of recuperation and the moment for an armed struggle is not yet. I would, however, fain hope that the army and navy will regard obedience to orders as their obligation and the protection of their fellow-countrymen as their first duty. Every

officer realises this fact instinctively, yet the recent tide of rebellion has largely swept away obedience to these two principles, and in this respect I feel that I have failed to exercise a full measure of control. Henceforward, I mean to pay the fullest attention to moral education so that I may not be ashamed to confront my fellow citizens.

Therefore, with the fullest earnestness and good will I declare solemnly to my fellow-countrymen: "As long as I remain President, so long will I perform my duty. The Republic of China belongs to her 400,000,000 citizens. When brethren dwell together in unity, a family prospers. If the whole nation unites in a common purpose the State will be great. Such, then, is my prayer for the Republic of China.

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FURTHER Correspondence respecting the Affairs
of China.

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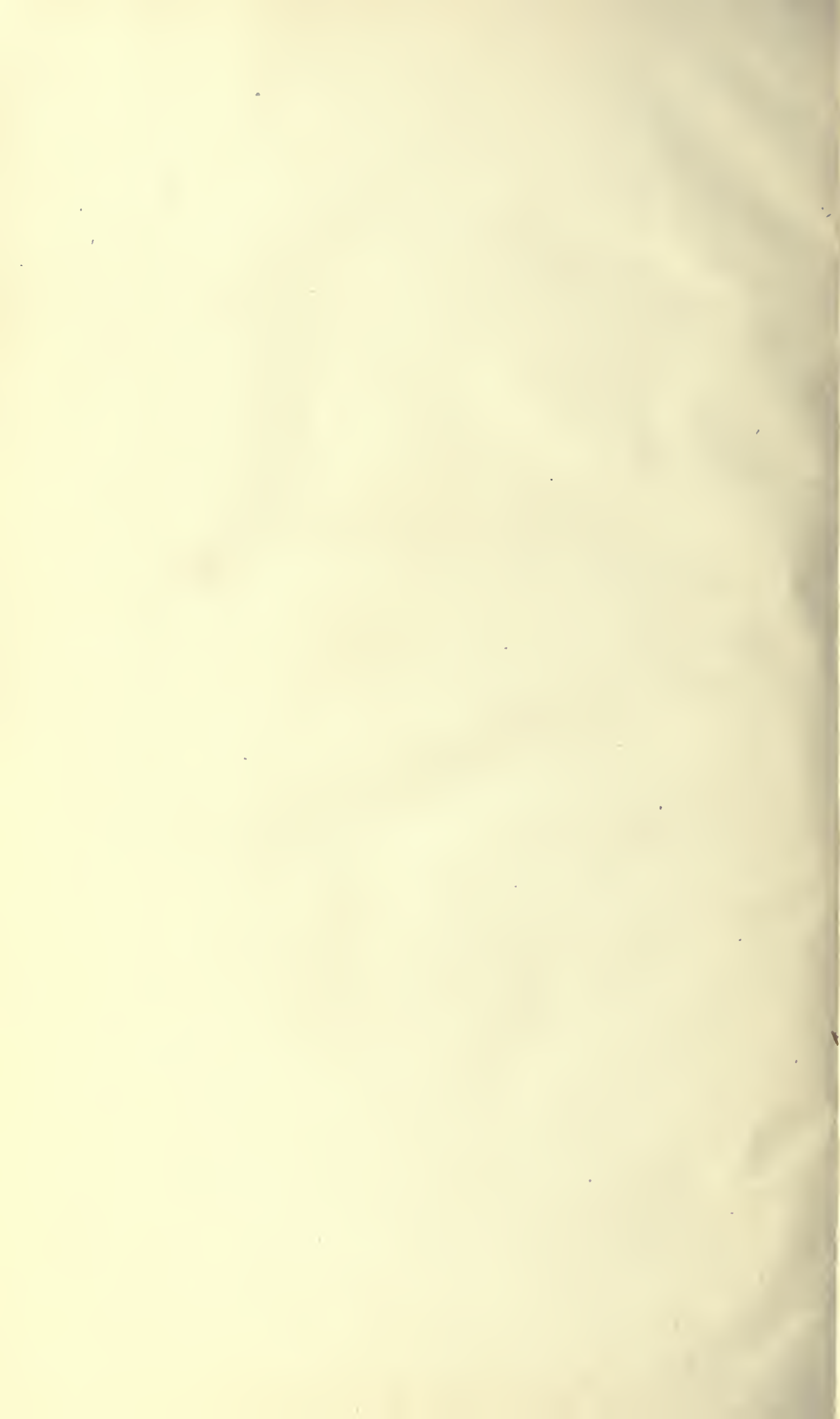
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